

# CENTER JOINT UNIFIED SCHOOL DISTRICT

[www.centerusd.org](http://www.centerusd.org)

## Local Control Accountability Plan Goals:

1. CJUSD Students will be challenged and supported to achieve academic success in a clean, safe environment
2. CJUSD students will be College and Career ready
3. CJUSD students and families will be engaged and informed regarding the educational process and opportunities

## **BOARD OF TRUSTEES SPECIAL MEETING**

**LOCATION: District Office - Room 5  
8408 Watt Avenue, Antelope, CA 95843**

**DATE/TIME: Thursday, June 30, 2016 @ 6:00 p.m.**

## **AGENDA**

- I. **CALL TO ORDER & ROLL CALL - 5:30 p.m.**
- II. **ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**
  1. Public Employee Performance Evaluation (Certificated) Superintendent (G.C.§54957)
- III. **PUBLIC COMMENTS REGARDING ITEMS TO BE DISCUSSED IN CLOSED SESSION**
- IV. **CLOSED SESSION - 5:30 p.m.**
- V. **OPEN SESSION - CALL TO ORDER - 6:00 p.m.**
- VI. **FLAG SALUTE**
- VII. **ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION** Info/Action
- VIII. **ADOPTION OF AGENDA** Action
- IX. **COMMENTS FROM THE AUDIENCE REGARDING ITEMS ON THE AGENDA** Public Comments

*Note: If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, please contact the Superintendent's Office at (916) 338-6409 at least 48 hours before the scheduled Board meeting. [Government Code §54954.2] [Americans with Disabilities Act of 1990, §202.]*

**NOTICE:** The agenda packet and supporting materials, including materials distributed less than 72 hours prior to the scheduled meeting, can be viewed at Center Joint Unified School District, Superintendent's Office, located at 8408 Watt Avenue, Antelope, CA. For more information please call 916-338-6409.

**X. BUSINESS ITEMS**

- Governance      **A.      Resolution # 22/15-16: Resolution of the Board of Trustees of Center Joint Unified School District Approving Certain Documents and Authorizing Certain Actions in Connection with the Issuance and Sale of the District's General Obligation Refunding Bonds, Series 2016**      Action
- ↓
- B.      Resolution # 21/15-16: Resolution of the Board of Trustees of Center Joint Unified School District Authorizing the Issuance and Sale of its General Obligation Bonds, Election of 1991, Series 2016E in an Aggregate Principal Amount Not to Exceed \$5,000,000, Including Bonds Subject to the Compounding of Interest and Approving Certain Other Matters Relating to the Bonds**      Action
- ↓
- C.      Engagement for Bond Counsel Services - Nixon Peabody LLP**      Action  
                 This is for Bond Counsel and Disclosure Counsel services.
- Op. & Facilities      **D.      Agreement with CPM for Facility Needs Assessment and Implementation Planning Services for Modernization Projects**      Action  
                 This contract with CPM would allow them to provide needs assessment, professional planning and implementation services for future modernization projects. The scope of work is covered in the agreement. The cost of their services is not to exceed \$446,200.00. The duration of the contract will be June 30, 2016 - December 31, 2017. Furthermore, the Board is requested to recognize Craig Deason, Assistant Superintendent, as the authorized representative with the authority required by the agreement.

**XI. ADVANCE PLANNING**

Info

- a.      *Future Meeting Dates:***
- i.      *Regular Meeting: Wednesday, August 17, 2016 @ 6:00 p.m. - District Board Room - Room 503, located at Riles Middle School, 4747 PFE Road, Roseville, CA 95747***
- b.      *Suggested Agenda Items:***

**XII. ADJOURNMENT**

Action

**CJUSD Mission:**

*Students will realize their dreams by developing communication skills, reasoning, integrity, and motivation through academic excellence, a well-rounded education, and being active citizens of our diverse community.*

*Center Joint Unified School District*

## AGENDA REQUEST FOR:

Dept./Site: Superintendent

Action Item     X    

To: Board of Trustees

Information Item           

Date: June 30, 2016

# Attached Pages           

From: Scott Loehr, Superintendent

Principal/Administrator Initials:           

**SUBJECT:** Resolution # 22/2015-16: Resolution of the Board of Trustees of Center Joint Unified School District Approving Certain Documents and Authorizing Certain Actions in Connection with the Issuance and Sale of the District's General Obligation Refunding Bonds, Series 2016

**RECOMMENDATION:** The Center Joint Unified School District Board of Trustees approve Resolution # 22/2015-16: Resolution of the Board of Trustees of Center Joint Unified School District Approving Certain Documents and Authorizing Certain Actions in Connection with the Issuance and Sale of the District's General Obligation Refunding Bonds, Series 2016.

Resolution #22/2015-16  
**RESOLUTION OF THE BOARD OF TRUSTEES  
OF CENTER JOINT UNIFIED SCHOOL DISTRICT  
APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN  
CONNECTION WITH THE ISSUANCE AND SALE OF THE DISTRICT'S  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

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**WHEREAS**, the Board of Trustees (the **"Governing Board"**) of Center Joint Unified School District (the **"District"**) has previously, by the adoption of its Resolution No. 20/2015-16 (the **"Initial Resolution"**), authorized the issuance and sale of not to exceed \$30,000,000 aggregate principal amount of the District's General Obligation Refunding Bonds, Series 2016 (the **"Bonds"**) in order to provide moneys to refund the District's currently outstanding General Obligation Bond (Election of 1991), Series 2007D (the **"2007D Bonds"**) and to pay the costs of issuance of the Bonds; and

**WHEREAS**, the Initial Resolution was approved at a regularly scheduled meeting of the Governing Board on June 8, 2016, and provided for the authorization and approval of certain documents necessary for the issuance of the Bonds, however due to the unavailability of such documents at such time, those documents shall be approved by this Resolution; and

**WHEREAS**, except as supplemented hereby, the Governing Board intends to ratify and approve the Initial Resolution in all other respects; and

**WHEREAS**, the Bonds are intended to be sold by negotiated sale to Piper Jaffray & Company, as Underwriter (the **"Underwriter"**) pursuant to a Contract of Purchase (the **"Contract of Purchase"**) a form of which has been submitted to and considered at this meeting of the Governing Board; and

**WHEREAS**, a form of the preliminary official statement (the **"Preliminary Official Statement"**) relating to the Bonds has been submitted to and considered at this meeting of the Governing Board, together with a form of continuing disclosure undertaking (the **"Continuing Disclosure Undertaking"**), attached as an appendix to the Preliminary Official Statement; and

**WHEREAS**, a form of escrow agreement (the **"Escrow Agreement"**) by and between the District and an escrow agent to be selected by an Authorized Representative (the **"Escrow Agent"**), directing the creation of an escrow fund or escrow funds for deposit of proceeds of the sale of the Bonds for the purpose of accomplishing the refunding of all or a portion of the 2007D Bonds (such 2007D Bonds to be refunded, or portions thereof, are hereinafter referred to as the **"200&D Refunded Bonds"**) will be approved by an Authorized Officer; and

**WHEREAS**, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law;



**NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED** by the Board of Education of the Oceanside Unified School District as follows:

**SECTION 1. Definitions; Ratification.** Capitalized terms used but not defined herein shall have the meanings set forth in the Initial Resolution or the Recitals hereto. Except as supplemented hereby, the Governing Board hereby ratifies the terms and provisions of the Initial Resolution.

**SECTION 2. Approval of Documents.**

(a) Any Authorized Officer is hereby authorized, in the name and on behalf of the District, to execute the Contract of Purchase in substantially the same form as submitted to this Governing Board, with such additional information included therein as is dependent upon pricing of the Bonds and with such additions, changes or corrections therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval shall be conclusive evidence by such Authorized Officer's execution thereof, so long as the aggregate principal amount of the Bonds shall not exceed Thirty Million Dollars (\$30,000,000), so long as the Underwriter's discount with respect to the Bonds shall not exceed 1.00% of the principal amount of the Bonds, without regard to original issue discount.

(b) The form of the Preliminary Official Statement is hereby approved. This Governing Board also hereby authorizes the use and distribution of: (i) the Preliminary Official Statement with such changes as the Authorized Officer executing the certificate described below may approve, such approval to be conclusively evidenced by such Authorized Officer's execution of such certificate; and (ii) an Official Statement in substantially the form of the Preliminary Official Statement with such changes as may be necessary or desirable in connection with the sale of the Bonds as determined by the Authorized Officer executing the Official Statement, such determination to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer; and (iii) any amendments or supplements to the Preliminary Official Statement or the Official Statement which an Authorized Officer may deem necessary or desirable, such determination to be conclusively evidenced by the execution of such amendment or supplement or of a certificate as described below by such Authorized Officer. The Authorized Officers are, and each of them acting alone hereby is, authorized to approve such additions, deletions or changes to the Preliminary Official Statement and Official Statement as are necessary or desirable to effect the purposes of this Resolution and to comply with applicable laws and to deliver copies of the Preliminary Official Statement and the Official Statement. Upon approval of the Preliminary Official Statement by such Authorized Officer as evidenced by execution of a certificate substantially in the form of Exhibit A attached hereto and by this reference incorporated herein, with such changes as may be necessary or desirable, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act.

(c) The form of the Continuing Disclosure Undertaking is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized to execute and deliver the Continuing Disclosure Undertaking on behalf of the District, with such changes

therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Undertaking shall not be considered an event of default and shall not be deemed to create any monetary liability on the part of the District to any other persons, including Owners of the Bonds.

(d) The Board hereby approves the form of Escrow Agreement submitted to and considered at this meeting of the Board. The Authorized Representatives of the District, as defined in the Authorizing Resolution, are, and each of them acting alone is, authorized and directed to select an Escrow Agent and execute and deliver the Escrow Agreement for and in the name and on behalf of the District, with such additions, changes or corrections thereto as the Authorized Representative executing the same may approve in his or her discretion, as being in the best interests of the District.

(e) The Board hereby approves the form of Paying Agent Agreement submitted to and considered at this meeting of the Board. The Authorized Representatives of the District, as defined in the Authorizing Resolution, are, and each of them acting alone is, authorized and directed to execute and deliver the Paying Agent Agreement for and in the name and on behalf of the District, with such additions, changes or corrections thereto as the Authorized Representative executing the same may approve in his or her discretion, as being in the best interests of the District.

**SECTION 3.** Effective Date. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this 30th day of June, 2016, by the Board of Trustees of the Center Joint Unified School District, at a special meeting held in Antelope, California, at a location freely accessible to the public, by the following roll-call vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

**CENTER JOINT UNIFIED SCHOOL  
DISTRICT**

By: \_\_\_\_\_  
President, Board of Trustees

Attest:

By: \_\_\_\_\_  
Clerk, Board of Trustees

## FORM OF 15c2-12 CERTIFICATE

**Ladies and Gentlemen:**

**CENTER JOINT UNIFIED SCHOOL DISTRICT**

By:           [FORM ONLY]            
Authorized Officer

§ \_\_\_\_\_  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**PURCHASE CONTRACT**

July \_\_, 2016

Board of Trustees  
Center Joint Unified School District  
8408 Watt Avenue  
Antelope, California 95843

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Purchase Contract (the "Purchase Contract") with the Center Joint Unified School District (the "District"), which, upon the acceptance by the District hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of the Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California Time, on the date hereof.

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$\_\_\_\_\_ aggregate principal amount of the Center Joint Unified School District General Obligation Refunding Bonds, Series 2016 (the "Bonds").

The amount received by or on behalf of the District in exchange for the Bonds shall be \$\_\_\_\_\_ (consisting of the par amount of the Bonds, plus \$\_\_\_\_\_ of net original issue premium, and less an Underwriter's discount of \$\_\_\_\_\_). At the request of the District, on the Closing Date (as defined herein), the District has requested the Underwriter to wire (i) the amount of \$\_\_\_\_\_ to \_\_\_\_\_ (the "Costs of Issuance Custodian"), to pay costs of issuance, [and (ii) the bond insurance premium of \$\_\_\_\_\_ to \_\_\_\_\_ (the "Insurer").] As a result, the net amount to be wired to the District as the purchase price for the Bonds will be \$\_\_\_\_\_, which shall be deposited with the Escrow Agent and applied as provided in the Escrow Agreement (defined below).

**2. The Bonds.** The Bonds shall be dated their date of delivery, shall accrete interest at the rates and shall mature on August 1 in the years shown on Appendix A hereto and shall be subject to redemption all as shown on Appendix A hereto, which is incorporated herein by reference.

The Bonds are being issued by the District under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of California, as amended (the "Act"), and pursuant to a resolution of the Board of Trustees of the District adopted on [June 29], 2016 (the "Resolution").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolution. The Bonds shall bear CUSIP numbers; be in fully registered book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"); and be in authorized denominations of Five Thousand Dollars (\$5,000) principal amount or any integral multiple thereof. The Bonds shall be delivered to DTC or its agent at least one business day prior to the Closing.

The net proceeds of sale of the Bonds will be applied to the advance refunding of a portion of the District's outstanding General Obligation Bonds (Election of 1991), Series 2007 (such bonds as are collectively being refunded, the "Refunded Bonds"). The net proceeds of sale of the Bonds will be applied to the refunding of the Refunded Bonds under and pursuant to the terms of that certain Escrow Agreement, dated as of August 1, 2016 (the "Escrow Agreement"), by and between the District and \_\_\_\_\_, in the capacity of Escrow Agent (the "Escrow Agent"). Capitalized terms used herein and not defined herein shall have the meanings set forth in the Resolution.

**3. Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Escrow Agreement, the Official Statement (defined below), and the Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the issuance and offering of the Bonds (except as such documents otherwise provide).

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, and that the Underwriter has financial and other interests that differ from those of the District, (ii) in connection with such transaction the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed a fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract, (iv) the District has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds, and (v) the Underwriter has provided the District with certain underwriter disclosures required under Rule G17 of the Municipal Securities Rulemaking Board (the "MSRB"). The District

acknowledges that it has engaged Caldwell Flores Winters, Inc. as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on Caldwell Flores Winters, Inc. for financial advice with respect to the Bonds.

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated July \_\_, 2016 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c212 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first-class mail (or other equally prompt means, including electronic distribution) not later than the first business day following the date upon which each such request is received.

References herein to the Preliminary Official Statement and the final Official Statement include the cover page, the inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

**6. Closing.** At 9:00 A.M., California Time, on August \_\_, 2016, or at such other time or on such other date as shall have been mutually agreed upon by and between the District and the Underwriter (the "Closing"), the District will cause to be delivered to the Underwriter (except as otherwise provided in the Resolution), through the facilities of DTC, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Nixon Peabody LLP ("Bond Counsel") in Los Angeles, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

**7. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization of the District. The District is a school district duly established and validly existing under the laws of the State of California, with the full legal right and power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract and the Escrow Agreement, to adopt the Resolution, to perform its obligations

under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Escrow Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of, the obligations contained in the Bonds, the Resolution, the Escrow Agreement and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing, and (iv) this Purchase Contract and the Escrow Agreement constitute the valid and legally binding obligations of the District.

(c) Consents. Except for the actions of the parties hereto, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract or the Escrow Agreement, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Resolution, the Escrow Agreement and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the titles of the officials of the District who are required to execute any contracts, certificates, or official statements in connection with the delivery of the Bonds to their respective offices, or the powers of those offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the levy or collection of taxes contemplated by the Resolution and available to pay the principal of and interest on the Bonds, or the pledge of the debt service fund therefor, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Escrow Agreement or the Resolution or contesting the powers of the District or the authority thereof with respect to the Bonds, the Resolution, the Escrow Agreement or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the



transactions consummated by this Purchase Contract, the Escrow Agreement or the Resolution, (b) declare this Purchase Contract or the Escrow Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of interest on the Bonds from California personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any entity on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Levy of Tax. The District hereby agrees to take any and all actions as may be required by Sacramento County (the "County") or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor-Controller a copy of the Resolution and the Escrow Agreement, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and the policies and procedures of the County.

(i) Continuing Disclosure. In accordance with the requirements of the Rule, at or prior to the Closing, the District shall have duly authorized, executed and delivered a continuing disclosure certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Official Statement in Appendix G. Except as otherwise disclosed in the Official Statement and based on a review of its previous undertakings, the District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events with respect to the last five years.

(j) Certificates. Any certificate signed by any officer of the District delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(k) Interim Financial Report. The District has not designated its most recent interim financial report for fiscal year 2015-16 as qualified or negative, nor has such interim financial report received a qualified or negative certification or designation from the County Superintendent of Schools.

(l) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not

misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(m) Representation Regarding Refunded Bonds. The District hereby represents that it has not entered into any contract or agreement that would limit or restrict the District's ability to refund the Refunded Bonds or enter into this Purchase Contract for the sale of the Bonds to the Underwriter.

(n) Financial Information. The financial statements of and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information included in the Official Statement has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement.

**8. Representations and Agreements of the Underwriter.** The Underwriter represents to and agrees with the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c), with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 7(i) hereof is sufficient to effect compliance with Rule 15c212.

**9. Covenants of the District.** The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the

Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date the Purchase Contract is signed, and in sufficient time to accompany any confirmation that requests payment from any customer, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board.

(c) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale;

(d) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare, at its own expense, and furnish to the Underwriter such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, at its own expense, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing Date.

**10. Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) **Representations True.** The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing, and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) **Obligations Performed.** At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Escrow Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except in accordance with Section 10(d) hereto; and (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect;

(c) **Adverse Rulings.** No decision, ruling or finding shall have been entered by any court or governmental authority since the date of the Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which, with respect to the District, has any of the effects described in Section 7(f) hereof or contests in any way the completeness or accuracy of the Official Statement;

(d) **Marketability.** Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or

effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof, or

(3) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(6) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act;

(7) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the District's outstanding indebtedness (without regard to any bond insurance);

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(9) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(10) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(11) any proceeding shall have been commenced or be threatened in writing by the SEC against the District; or

(12) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District; or

(13) the suspension by the SEC of trading in the outstanding securities of the District; or

(14) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of *ad valorem* property taxes to pay principal of and interest on the Bonds; or

(15) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect; or

(16) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

(e) Delivery of Documents. At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the documents below, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion. The approving opinion of Bond Counsel, as to the validity and federal and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement.

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinions described in (e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the District and the Underwriter, substantially to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS", "PLAN OF FINANCE," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Resolution, the Bonds, the final approving opinion of Bond Counsel, and California law or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, information concerning DTC or related to its book-entry only system, or any information contained in Appendices A, B, C, D, E, H and I to the Official Statement;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the District are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations, on legal remedies against public agencies in the state of California; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(4) Disclosure Counsel Opinion. An opinion, dated the Closing Date and addressed to the District and the Underwriter, of Nixon Peabody LLP, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the District, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data contained in the Official Statement);

(5) Defeasance Opinion. A defeasance opinion of Bond Counsel, addressed to the District, the Underwriter and the Escrow Agent, dated the date of Closing, as to the effective defeasance of the Refunded Bonds in accordance with their terms and to the effect that, assuming the Escrow Agreement has been duly authorized, executed and delivered by all parties thereto, the Escrow Agreement constitutes a legal, valid and binding agreement of the District and is enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against school districts in the State;

(6) Certificates of the District. Certificates signed by appropriate officials of the District, to the effect that (i) such officials are authorized to execute the Purchase Contract, (ii) the representations and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and the Purchase Contract, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement (excluding therefrom information regarding DTC and its book-entry only system, information regarding the initial offering of the Bonds and accreted values of the Bonds (if applicable), and information regarding the investment portfolio, policies, practices and valuation procedures of the County, as to which no view is expressed) does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) no consent is required for the inclusion of the District's Audited Financial Statement as an appendix to the Official Statement;

(7) Tax Exemption. A Tax Exemption Certificate of the District in a form satisfactory to Bond Counsel;



(8) Ratings. Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received, at a minimum, a [rating of “\_\_\_” from Standard & Poor’s Ratings Service, a Standard and Poor’s LLC business (“S&P”) reflecting delivery of the municipal bond insurance policy by the Insurer, and an underlying] rating of “\_\_\_” from S&P, and that such ratings have not been revoked or downgraded;

(9) Resolution. A certificate, together with copies of the Resolution, of the Clerk of the District Board of Trustees to the effect that:

(i) such copies are true and correct copies of the Resolution;  
and

(ii) that the Resolution was duly adopted and has not been amended or rescinded and is in full force and effect on the date of the Closing;

(10) Continuing Disclosure Certificate. A Continuing Disclosure Certificate in substantially the form given in the Preliminary Official Statement;

(11) Paying Agent Certificate. A certificate of the Director of Finance of Sacramento County, as paying agent (the “Paying Agent”) dated the Closing Date, signed by a duly authorized officer of the Paying Agent, in form and substance satisfactory to the Underwriter, to the effect that:

(i) The Paying Agent has all necessary power and authority to enter into and perform its duties under the Resolution;

(ii) The Paying Agent is duly authorized to perform its obligations under the Resolution; and

(iii) Compliance with the respective terms of the Resolution will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Paying Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Paying Agent or any of its activities or properties, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Paying Agent;

(12) Paying Agent Authorization. A certified copy of the resolution of the Paying Agent that authorizes the execution and delivery of the Bonds and the performance by the Paying Agent of its obligations under the Resolution;

(13) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations with respect to the Preliminary Official Statement in accordance with the Rule;

(14) Underwriter's Counsel Opinion. An opinion of Nossaman LLP, counsel to the Underwriter, in form and substance acceptable to the Underwriter;

(15) Escrow Agreement. A fully executed copy of the Escrow Agreement;

(16) Verification Report. A Verification Report issued by the Verification Agent regarding the sufficiency of the securities and cash on deposit in the Escrow Fund to pay the redemption prices of and the debt service due on the Refunded Bonds;

(17) Escrow Agent Certificate. A certificate of the Escrow Agent, dated the Closing Date, signed by a duly authorized officer of the Escrow Agent, to the effect that (i) the Escrow Agent has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (ii) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the other parties thereto, the Escrow Agreement constitutes the valid and binding agreement of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Agent and, to the best knowledge of the Escrow Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Agent is subject or by which it is bound; (iv) the Escrow Agent has complied in all respects with the covenants and agreements contained in the Escrow Agreement, as of the date thereof; (v) all approvals, consents and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement have been obtained and are in full force and effect as of the date hereof; (vi) the Escrow Agreement was duly executed and delivered by a duly authorized officer of the Escrow Agent; and (vii) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) against the Escrow Agent in any way contesting or affecting the validity or enforceability of the Escrow Agreement;

(18) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance by the Insurer that unconditionally guarantees the timely payments when due of all debt service on the Bonds;

(19) Certificate of Insurer. A certificate(s) of the Insurer in form and substance satisfactory to Bond Counsel, including a certification of the appropriate agent of the Insurer evidencing Insurer's determination that the information contained in the Official Statement regarding the Insurer and the Insurance Policy with respect to the Bonds is accurate;

(20) Opinion of Counsel to the Insurer. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the District in form and substance acceptable to counsel to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its incorporation; (ii) the Policy constitutes the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity principles; and (iii) the information contained in the Official Statement under the caption "BOND INSURANCE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;] and

(21) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence (A) compliance by the District with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the representations of the District contained herein or in the Official Statement, and (C) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 11 hereof.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in the Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by the Purchase Contract, the Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

**11 Conditions to Obligations of the District.** The performance by the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

**12. Expenses.** From the proceeds of the sale of the Bonds, the District shall pay the following expenses: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings; (v) the cost of the printing and distribution of the Official Statement; (vi) the initial fees of the Escrow Agent, Verification Agent and the Paying Agent; (vii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; (viii) the fees and expenses of the District's Financial Advisor; and (ix) all other fees and expenses incident to the issuance and sale of the Bonds.

In addition to the above expenses, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) without limitation and the fees and disbursements of Underwriter's counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

**13. Notices.** Any notice or other communication to be given under the Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the Superintendent, Center Joint Unified School District, 8408 Watt Avenue, Antelope, California 95843; or if to the Underwriter, to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Mark Adler.

**14. Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter (including the successors or assigns of the Underwriter). This Purchase Contract is made solely for the benefit of the District and the Underwriter. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Bonds hereunder.

**15. Severability.** In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

**16. Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

**17. Execution in Counterparts.** This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**18. Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as  
of the above-written date:

**CENTER JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Authorized Representative

Date of execution: \_\_\_\_\_

Time of execution: \_\_\_\_\_

**APPENDIX A**  
**MATURITY SCHEDULE**

\$\_\_\_\_\_ **Denominational Amount**  
**Capital Appreciation Bonds**

<b>Maturity Date (August 1)</b>	<b>Denominational Amount</b>	<b>Accretion Rate</b>	<b>Yield to Maturity</b>	<b>Maturity Value</b>
	\$	%	%	\$

**TERMS OF REDEMPTION**

***Optional Redemption.*** The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption, without premium.

\$[ ]  
**CENTER JOINT UNIFIED SCHOOL DISTRICT  
(SACRAMENTO COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 1991, SERIES 2016E**

AND

\$[ ]  
**CENTER JOINT UNIFIED SCHOOL DISTRICT  
(SACRAMENTO COUNTY, CALIFORNIA)  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**PAYING AGENT AGREEMENT**

**AGREEMENT TO PROVIDE REGISTRAR AND  
PAYING AGENT SERVICES FOR  
FULLY REGISTERED MUNICIPAL BONDS**

This Agreement is entered into as of July [ ], 2016, by and between the Center Joint Unified School District (the "District") and the County of Sacramento (the "County"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the District Resolution (as defined below) or the Contract of Purchase dated [ ], 2016, by and between the District and Piper Jaffray & Co., as underwriter of the Bonds, each relating to the Bonds as defined below (the "Financing Documents") or in the Official Statement relating to the Bonds.

**WHEREAS**, a duly called election was held in the District on November 5, 1991 (the "1991 Election"), and thereafter canvassed pursuant to law; and

**WHEREAS**, at the 1991 Election there was submitted to and approved by the requisite two-thirds (2/3) of the qualified voters or more of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$59,205,252, payable from the levy of an *ad valorem* tax against the taxable property in the District; and

**WHEREAS**, the Board of Trustees has determined in its Resolution No. [ ] adopted on June 29, 2016 (the "New Money Resolution") that the fifth series of bonds in an aggregate principal amount not to exceed \$5,000,000 of the authorized amount should be offered for sale by the Board, on behalf of the District, in a series to be designated "Center Joint Unified School District (Sacramento County) General Obligation Bonds, Election of 1991, Series 2016E" (the "2016 New Money Bonds") and shall be used to provide for the Projects (defined in the New Money Resolution); and

**WHEREAS**, as authorized at the 1991 Election, the District Board has previously issued or approved the issuance, among other series, of \$24,998,233.90 initial aggregate principal amount of the District's General Obligation Bonds (Election of 1991), Series 2007D (the "Prior Bonds"); and

**WHEREAS**, the District Board has now determined that conditions in the financial marketplace are favorable for the refunding of all or a portion of the outstanding Prior Bonds, which Prior Bonds subject to and selected for refunding shall be referred to herein as the "Refunded Bonds"; and



**WHEREAS**, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Act"), and the Resolution of the District Board adopted on June 29, 2016 (the "District Refunding Resolution"), the District is authorized to issue, or cause to be issued, general obligation refunding bonds to refund the Refunded Bonds and has determined to issue not to exceed \$30,000,000 aggregate principal amount of its Center Joint Unified School District General Obligation Refunding Bonds, Series 2016 (the "2016 Refunding Bonds" and, together with the 2016 New Money Bonds, the "Bonds"); and

**WHEREAS**, pursuant to Resolution No. 2016-[ ] of the Board of Supervisors of the County (the "Board of Supervisors") Authorizing the Levy of Taxes for the Center Joint Unified School District (Sacramento County) General Obligation Bonds, Election of 1991, Series 2016E and General Obligation Refunding Bonds, Series 2016, Designating the Paying Agent Therefor and Directing the Director of Finance of the County (the "Director of Finance") to Maintain Taxes on the Tax Roll adopted on June 12, 2016 (the "County Resolution", and together with the District Resolution, the "Resolutions"), the County has agreed to act as Registrar and Paying Agent (the "Paying Agent") for the Bonds.

**NOW THEREFORE**, the District and the County hereby agree as follows:

1. For the purposes described and upon the terms and subject to the conditions set forth in this Agreement and the Resolutions, the Director of Finance agrees to serve as Paying Agent for the Bonds and to perform and carry out the duties, responsibilities and obligations of the Paying Agent set forth in this Agreement and the Resolutions. The Director of Finance acknowledges and understands that the role of Paying Agent includes serving as authenticating agent, bond registrar and transfer agent for the Bonds as more fully described in this Agreement and the Resolutions. The Director of Finance may conclusively rely on certificates or opinions furnished to it by the District and may act on any other document believed by it to be genuine and to have been signed by the proper party or parties.
2. The Director of Finance as Paying Agent will authenticate and deliver the Bonds upon original issue as provided in the Resolutions.
3. The Bonds shall be signed and the Director of Finance as Paying Agent will manually authenticate all Bonds issued as provided in the Resolutions.
4. The Director of Finance as Paying Agent will maintain records as to the identity of the registered holders of the Bonds and keep such books and records as shall be consistent with its normal practice while serving as Paying Agent of school district general obligation bonds as provided in the Resolutions.
5. The Director of Finance as Paying Agent will effect transfers of registered ownership of Bonds upon surrender of validly issued Bonds to the Director of Finance accompanied by such instruments of transfer and other documents as the County may require.
6. The Director of Finance as Paying Agent will cancel all Bonds surrendered to it for transfer, exchange or payment and will dispose of said canceled Bonds as provided in the Resolutions.
7. The Director of Finance as Paying Agent will provide notice of redemption, if necessary, at the expense of the District.
8. The Director of Finance as Paying Agent will (a) prepare and mail semiannual registered interest checks to Bondholders of record on respective record dates and (b) prepare and mail or

deliver checks in payment of the principal of Bonds maturing or called for redemption, all as provided in the Resolutions. The County hereby acknowledges that pursuant to the general laws of the State of California, the obligation to levy and collect taxes for the payment of the Bonds, and to pay principal and interest on the Bonds, shall be performed by the County of Sacramento.

9. The Board and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District shall take all steps required by law and by the County to ensure that the Board shall annually levy a tax upon all taxable property in the District sufficient to pay the principal, redemption premium, if any, and interest thereon as and when the same become due.

10. The District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

11. The Director of Finance and the County shall be indemnified by the District from any loss, liability, expense or advance incurred or made, in the absence of bad faith on the part of the Director of Finance, arising out of or in connection with its performance of its duties hereunder including, without limitation, those of its attorneys. Such indemnity shall survive the termination of this Agreement or discharge and payment of the Bonds.

12. This Agreement shall remain in effect until the Bonds mature and all funds are disbursed or until this Agreement is amended or terminated. This Agreement may be terminated by written notice of any of the parties to the other parties. The Paying Agent may be changed as provided in the Resolutions. [No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Bond Insurer, has been appointed.]

13. The District will compensate Director of Finance for its services as Registrar and Paying Agent as provided in the Resolutions.

14. The District shall furnish the County with the following documents to support this appointment: (a) certified copy of resolutions of the District authorizing issuance of the Bonds, (b) Specimen Bonds, (c) signed copy of Bond Counsel's Legal Opinion, (d) Official Statement and (e) such other documents as the County may reasonably request.

15. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

**CENTER JOINT UNIFIED SCHOOL DISTRICT**

\_\_\_\_\_  
Authorized Representative

**COUNTY OF SACRAMENTO**

\_\_\_\_\_  
Director of Finance

Approved as to Form:  
COUNTY COUNSEL

\_\_\_\_\_  
Assistant County Counsel

## ESCROW AGREEMENT

This Escrow Agreement, dated as of August 1, 2016 (the "Agreement") by and between \_\_\_\_\_, as escrow agent hereunder (in such capacity, the "Escrow Agent"), and CENTER JOINT UNIFIED SCHOOL DISTRICT, Sacramento County, California (the "District").

### WITNESSETH:

WHEREAS, the District has heretofore caused to be issued and sold certain general obligation bonds of the District authorized by an election conducted within the District on November 5, 1991, to wit, the Center Joint Unified School District (Sacramento County, California) General Obligation Bonds, Election of 1991, Series 2007D (the "Prior Bonds"); and

WHEREAS, the Prior Bonds were issued by the County of Sacramento, California (the "County"), in the name and on behalf of the District by resolution of the Board of Supervisors of the County, adopted on May 30, 2007 (the "2007D Resolution"); and

WHEREAS, the District has determined that circumstances dictate the refunding of \$ \_\_\_\_\_ aggregate principal amount of the Prior Bonds (the "Refunded Bonds") and

WHEREAS, in order to provide funds for the refunding of the Refunded Bonds, the District has issued \$ \_\_\_\_\_ aggregate principal amount of its General Obligation Refunding Bonds, Series 2016 (the "Bonds"); and

WHEREAS, in connection with such refunding, the District requires that [ \_\_\_\_\_ ] undertake the services of Escrow Agent for the refunding and defeasance of the Refunded Bonds in accordance with the terms of the Resolutions, the Refunded Bonds and this Agreement; and

WHEREAS, the District wishes to provide for the application of the net proceeds of the Bonds, together with the interest earned from the investment thereof, to effect the refunding of the Refunded Bonds;

NOW, THEREFORE, the District and the Escrow Agent agree as follows:

### ARTICLE I

#### REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Each party hereto, as to itself and not as to the other party, hereby represents, warrants and agrees that:

Section I.1 Authorization. The execution, delivery and performance of this Agreement by such party are within such party's respective powers and have been duly authorized by all necessary action of such party.

Section I.2 No Conflict. The District represents, warrants and agrees to its current actual knowledge that the execution, delivery and performance of this Agreement will not violate or conflict with the Resolutions or any other resolution of the District; the Constitution or laws of the State of California or any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the District or its operations.

(a) The Escrow Agent represents and warrants that the execution, delivery and performance of this Agreement will not violate or conflict with (i) the articles of association or bylaws of the Escrow Agent or (ii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the trust powers and operation of the Escrow Agent.

Section I.3 Binding Obligation. This Agreement has been duly executed by, and is a legally valid and binding obligation of, each party, enforceable against such party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights, and by general principles of equity.

Section I.4 Title to Moneys Deposited in Escrow Fund. The District represents that the District has good, sufficient and legal title to the moneys deposited in the Escrow Fund established hereunder free and clear of all liens other than those created hereby.

Section I.5 Duties of Parties. The District hereby directs the Escrow Agent to perform, and the Escrow Agent accepts, the duties set forth herein, in order that the Refunded Bonds shall be effectively and legally defeased in accordance with their terms and applicable provisions of law. For this purpose, the District will deposit, and the Escrow Agent shall apply, a portion of the net proceeds of the sale of the Bonds as specified herein, and for no other purpose. The Escrow Agent hereby covenants and agrees to perform its duties set forth herein in accordance with the terms hereof.

## ARTICLE II

### ESTABLISHMENT OF ESCROW FUND

Section II.1 Creation of Escrow Fund. The District hereby directs the Escrow Agent to establish a special escrow fund to be designated as the "Center Joint Unified School District 2016 Escrow Fund" (the "Escrow Fund"), into which the Escrow Agent shall deposit proceeds of the Bonds in the amount of \$\_\_\_\_\_ (the "Bond Proceeds"), \$\_\_\_\_\_ of which (apart from the sum of \$\_\_\_\_ that shall be held uninvested as cash) shall be invested in certain United States Obligations (as defined below) further detailed in Schedule A hereto, which is incorporated herein by this reference. The District hereby irrevocably directs the Escrow Agent to make the deposits and investments as set forth hereinabove.

Section II.2 Terms of Resolution and Refunded Bonds. Receipt is hereby acknowledged by the Escrow Agent of a copy of the Resolutions. Reference herein to, or citation herein of, any provision of the Resolutions or the terms of the Refunded Bonds shall be deemed to be incorporated as a part hereof in the same manner and with the same effect as if it or they were fully set forth herein.

Section II.3 Permitted Investments. The District hereby irrevocably directs the Escrow Agent to take such actions as may be necessary to assure that the amount so deposited in the Escrow Fund shall be invested in "United States Obligations" (being noncallable direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments, as particularly set forth on Schedule A attached hereto and made a part hereof (the "Escrowed Securities"), so as to be available to the Refunded Bonds on the dates established therein, it being the intention of the District that the principal of and interest paid on such Escrowed Securities on deposit in the Escrow Fund, together with any uninvested cash on deposit therein, will be sufficient for such purposes, as of the date of calculation, and that such Escrowed Securities will mature, bear interest and be available (i) to pay in a timely manner the principal of and interest on the

Refunded Bonds (all as more particularly set forth in Schedule B attached hereto and made a part hereof) and (ii) to pay the redemption price of the Refunded Bonds to be redeemed on [ ] (all as more particularly set forth in Schedule B attached hereto and made a part hereof). The District hereby represents that such Escrowed Securities are comprised of United States Obligations. Any conflict in provisions respecting the defeasance of the Refunded Bonds between the foregoing and the Resolution shall be governed by the applicable Resolution.

Section II.4 Deposit of Moneys. The Escrow Agent hereby acknowledges receipt of the deposit of the moneys into the Escrow Fund as described in Section 2.1 hereof.

Section II.5 Purpose of Deposit. The deposit by the District of proceeds of the Bonds into the Escrow Fund shall constitute an irrevocable deposit thereof for the uses and purposes specified in this Agreement and in the provisions of the Resolutions and the Refunded Bonds expressly referred to herein, and such moneys and Escrowed Securities, together with all interest thereon, shall be held in trust and applied solely for such uses and purposes. Such moneys and Escrowed Securities, along with the proceeds of investment thereof, shall be held by the Escrow Agent separate and apart from all other funds and shall not be commingled with other moneys for any purpose.

Section II.6 Investments; District Covenants. Except as otherwise expressly provided in Sections 2.1 and 2.3, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Escrowed Securities held hereunder or to sell, transfer or otherwise dispose of the Escrowed Securities acquired hereunder, or to pay interest on any such moneys not required to be invested hereunder.

(a) The District hereby agrees that it will not take action or fail to take action which would (i) affect adversely the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds, or (ii) adversely affect the status of the Refunded Bonds as being deemed no longer Outstanding under the Resolutions.

Section II.7 Handling of Investment Proceeds. The District hereby directs the Escrow Agent to collect the matured principal of and payments of interest on the Escrowed Securities as the same become due and payable and deposit the same in the Escrow Fund. Not later than the date on which any payment on any of the Refunded Bonds is required to be made, as set forth in Schedule B, or if such date is not a Business Day (being any day other than a Saturday or Sunday or a day on which the Escrow Agent and banks and trust companies located in New York, New York, or Sacramento, California, are not authorized or required to remain closed and on which the New York Stock Exchange is open) then not later than the Business Day next succeeding such date, the Escrow Agent shall transmit to the registered owners thereof, from the funds in the Escrow Fund, the applicable amounts set forth in Schedule B attached hereto. The Escrow Agent may conclusively rely upon Schedule B with respect to all information set forth therein and may conclusively rely upon any written directions of the District with respect to any of the matters described in this paragraph.

If at any time it shall appear to the Escrow Agent that the moneys in the Escrow Fund, including the anticipated investment earnings on and proceeds of the Escrowed Securities, will not be sufficient to make all payments required hereunder and under the terms of the Refunded Bonds, the Escrow Agent shall give immediate notice thereof to the District in accordance with Section 5.4 hereof of the amount of such deficiency and the District agrees to pay the amount of such deficiency into the Escrow Fund from any source of lawfully available moneys.

Any moneys held by the Escrow Agent in trust for the payment and discharge of the principal or redemption price of or interest on any of the Refunded Bonds which remain unclaimed for 18 months after the date when such payments have become due and payable, shall be paid to the District to be used for any of its lawful purposes and the Escrow Agent shall thereupon be released and discharged

with respect thereto, and the Owners of Refunded Bonds shall look only to the District for the payment of the principal amount of or interest on such Refunded Bonds.

**Section II.8 Notices to Owners of Refunded Bonds; Reduction of Amounts of Principal or Maturity Amount of Refunded Bonds.** The District hereby irrevocably directs the Escrow Agent to provide a notice of defeasance substantially in the form set forth in Schedule D-1 and D-2 (the "Notice of Defeasance"), to be mailed promptly upon the funding of the Escrow Fund hereunder.

The Notice of Defeasance shall be mailed by first-class mail, postage prepaid, to The Depository Trust Company, Information Services set forth in Schedule C, and to the respective Owners of the Refunded Bonds at their addresses appearing on the Bond registration books.

During the period specified therefor in the Resolutions, the Escrow Agent shall provide timely notice of redemption substantially in the form set forth in Schedule E-1 and E-2 (the "Notice of Redemption") to the entities listed in the foregoing paragraph.

The Escrow Agent is specifically instructed that, upon receipt of (a) written notice from the District, and (b) a new verification report as to the sufficiency of the Escrow Account for such purpose, the principal amount of the Refunded Bonds may be reduced, the Escrow Agent shall, upon satisfaction of the foregoing conditions, withdraw from the Escrow Account and return to or upon the order of the District, any excess amount no longer needed to provide for the redemption and/or defeasance of the designated Refunded Bonds. In such case, Schedules A and B hereto shall be amended to reflect such reduction, and a revised Notice of Defeasance, displaying the revised principal amount of the Refunded Bonds shall be mailed by the Escrow Agent as provided in this Section, and the Notice of Redemption shall be mailed in due course, displaying the reduced principal amount of the Refunded Bonds subject to optional redemption.

**Section II.9 Compensation; Indemnification.** The District agrees to pay and shall pay to the Escrow Agent as compensation in full for all services to be rendered by the Escrow Agent under this Agreement the amounts set forth in a separate schedule of fees and expenses, as modified from time to time in a writing between the District and the Escrow Agent, and shall reimburse the Escrow Agent for its out-of-pocket expenses incurred hereunder. Any payment to the Escrow Agent pursuant to this Section shall be made from any moneys of the District lawfully available therefor, but the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for any such payment.

**Section II.10 Books and Records; Limited Liability.** The Escrow Agent agrees to maintain books and records for the Escrow Fund and to account separately for deposits therein, investments thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Agent shall only act in accordance with the specific provisions set forth herein and shall not assume any implied duties or obligations hereunder.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

The Escrow Agent shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the District shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written or oral instructions of authorized representatives of

the District or of their respective agents relating to any matter or action undertaken as Escrow Agent under this Agreement.

The liability of the Escrow Agent for the payment of moneys as hereinabove set forth respecting the payment of the Refunded Bonds shall be limited to the principal of and interest on the Escrowed Securities and other securities purchased hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer, prepayment, substitution or other disposition made pursuant to this Agreement in compliance with the provisions hereof or the sufficiency of the Escrowed Securities or any uninvested moneys held hereunder to accomplish the discharge of the Refunded Bonds. The Escrow Agent shall not have any lien whatsoever upon any of the moneys deposited in accordance with Section 2.1 hereof for the payments of fees and expenses for services by it under this Agreement until after all payments required pursuant hereto in accordance herewith. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representations as to the sufficiency of the Escrowed Securities to be purchased pursuant hereto and any uninvested moneys to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be bond counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Agent undertakes such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be read into this Agreement. The Escrow Agent may resign at any time upon 30 days' written notice to the District.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.



The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

### ARTICLE III

#### TERMINATION OF AGREEMENT

Section III.1 Termination of Agreement. It is the intention of the District that the proceeds of the Escrowed Securities shall be applied on the dates and at the prices shown on Schedule B, to the payment of the Refunded Bonds in accordance with their terms until the redemption date for the Refunded Bonds. The Escrow Agent agrees to liquidate the Escrowed Securities in accordance with their terms and to apply the proceeds thereof to the payment of principal and Maturity Amount of and interest on the Refunded Bonds as aforesaid; any moneys in the Escrow Fund that remain unclaimed for 18 months following payment of the Bonds in whole on the respective redemption or maturity dates shown on Schedule B shall, after payment of any amounts due the Escrow Agent, be transferred to the District in accordance with Section 2.7 hereof. Upon the completion of such transfer, if any, this Agreement shall be terminated and of no further force or effect.

### ARTICLE IV

#### FEES OF ESCROW AGENT

Section IV.1 Fees of Escrow Agent. The District shall pay to the Escrow Agent fees and expenses as are mutually agreed upon by the District and the Escrow Agent as and for payment in full for the services of the Escrow Agent as escrow holder hereunder, through and including the final redemption of the Refunded Bonds as set forth herein.

It is also understood that the fees agreed upon for the services of the Escrow Agent hereunder shall be considered compensation for its ordinary services as contemplated by these instructions, but in the event that the conditions of this escrow are not promptly fulfilled or that the Escrow Agent renders any service hereunder not provided for in the foregoing instructions or that there is an assignment of any interest in the subject matter of this escrow, or modification hereof, or that any controversy arises hereunder or that the Escrow Agent is made a party to, or intervenes in, or, in good faith, interpleads in, any litigation pertaining to this escrow or the subject matter thereof, the Escrow Agent shall be reasonably compensated by the District for such extraordinary services and reimbursed for all costs, expenses, claims and liability, plus interest charged at the maximum rate permitted by law occasioned by such default, delay, controversy or litigation, including, without limitation, the fees and disbursements of legal counsel to the Escrow Agent.

Under no circumstances shall the Escrow Agent be entitled to assert a lien against the cash or Escrowed Securities held in the Escrow Fund to provide security for the payment of the fees described in this Section.

## ARTICLE V

### MISCELLANEOUS

Section V.1 Severability of Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties hereto to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section V.2 Execution in Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original and shall constitute and be but one and the same instrument.

Section V.3 Applicable Law. This Agreement shall be governed by the laws of the State of California, applicable to contracts made and performed in said State.

Section V.4 Notices. All notices, demands and formal actions under this Agreement shall be in writing and mailed, telegraphed or delivered to:

The District: Center Joint Unified School District  
8408 Watt Avenue  
Antelope, CA 95843  
Attention: Superintendent

The Escrow Agent: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Section V.5 Amendments. This Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of one hundred percent (100%) in aggregate principal amount of the Refunded Bonds then unpaid as to principal shall have been filed with the Escrow Agent. This Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only: (i) to reduce the principal amount of the Refunded Bonds; (ii) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District; (iii) to cure, correct or supplement any ambiguous or defective provision contained herein; or (iv) in regard to questions arising hereunder as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel provided to the Escrow Agent, shall not materially adversely affect the interests of the Owners of the Refunded Bonds, and that such amendment will not cause interest on the Refunded Bonds to become subject to inclusion in gross income for purposes of federal income taxation.

IN WITNESS WHEREOF, the District has entered into this Escrow Agreement with the Escrow Agent as of the date first above written.

CENTER JOINT UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_, as Escrow  
Agent

By: \_\_\_\_\_  
Authorized Officer

## **SCHEDULE A**

### **DESCRIPTION OF THE ESCROWED SECURITIES**

(Exhibit A-2 from the Verification Report)

## **SCHEDULE B**

### **DEBT SERVICE REQUIREMENTS**

(Exhibits B-3 and B-4 from the Verification Report)

## **SCHEDULE C**

The Depository Trust Company  
55 Water Street  
New York, New York 10041  
Telecopy: (212) 855-7320

Municipal Securities Rulemaking Board  
EMMA – Electronic Municipal Market Access  
<http://emma.msrb.org>

## SCHEDULE D

**FORM OF  
NOTICE OF DEFEASANCE  
CENTER JOINT UNIFIED SCHOOL DISTRICT  
(Sacramento County, California)  
General Obligation Bonds, Election of 1991, Series 2007D**

Notice is hereby given to the owners of certain Center Joint Unified School District General Obligation Bonds, Election of 1991, Series 2007D that moneys, together with investment earnings thereon, sufficient to provide for the payment of the principal of and interest on the designated portion of the Bonds listed below have been set aside in an Escrow Fund established under that certain Escrow Agreement, dated as of August 1, 2016 (the "Escrow Agreement"), by and among Center Joint Unified School District and U.S. Bank Trust, National Association, as Escrow Agent (the "Escrow Agent"), and verified for such purpose by Causey, Demgen & Moore P.C., as Verification Agent.

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount<sup>(1)</sup></u>	<u>CUSIP Number</u> <u>( )</u>
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\_\_\_\_\_,  
By: \_\_\_\_\_,  
as Escrow Agent

\_\_\_\_\_  
<sup>(1)</sup> Bonds will be redeemed at par on \_\_\_\_ 1, \_\_\_\_.

<sup>(2)</sup> The Escrow Agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to their correctness. It is included solely for the convenience of the Owners of the Bonds; Bonds shall be redeemed by lot within each maturity.

## SCHEDULE E

**FORM OF  
NOTICE OF REDEMPTION TO THE OWNERS OF  
CENTER JOINT UNIFIED SCHOOL DISTRICT  
(Sacramento County, California)  
General Obligation Bonds, Election of 1991, Series 2007D**

Notice is hereby given to the owners of certain Center Joint Unified School District General Obligation Bonds, Election of 1991, Series 2007D (the "Bonds") that the Bonds maturing in the years and bearing the CUSIP numbers set forth below are subject to optional redemption in accordance with that certain Resolution adopted by the Board of Trustees of the District on June 8, 2016 (the "Resolution"), the principal amounts set forth below, along with interest thereon, have been determined to be sufficient and available to redeem the Bonds identified below, at a redemption price of 100% of par, plus accrued interest thereon, on \_\_\_\_\_, 2016.

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Bond Number</u>	<u>CUSIP Number</u> <u>( )<sup>(1)</sup></u>
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<sup>(1)</sup> The Escrow Agent shall not be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the Owners of the Bonds.

On \_\_\_\_ 1, 20\_\_, all of the Bonds to be redeemed will become due and payable at the redemption price aforesaid, and payment will be made upon presentation and surrender to the Escrow Agent for the Bonds at:

From and after \_\_\_\_ 1, 20\_\_, the principal of and interest on the Bonds called for redemption shall cease to accrue and be payable.

All Owners submitting their Bonds for redemption must also submit a form W-9. Failure to provide a completed form W-9 will result in a 28% backup withholding to the owners of the Bonds pursuant to the Interest and Dividend Tax Compliance Act of 1993.

Dated: \_\_\_\_\_, 20\_\_<sup>1</sup> \_\_\_\_\_

By: \_\_\_\_\_  
as Escrow Agent

<sup>1</sup> Notice must be given at least 30 but no more than 60 days prior to the redemption date.



*Center Joint Unified School District*

Dept./Site: Superintendent  
To: Board of Trustees  
Date: June 30, 2016  
From: Scott Loehr, Superintendent  
Principal/Administrator Initials: \_\_\_\_\_

## AGENDA REQUEST FOR:

Action Item   X  Information Item           # Attached Pages           

**SUBJECT:** Resolution # 21/2015-16: Resolution of the Board of Trustees of Center Joint Unified School District Authorizing the Issuance and Sale of Its General Obligation Bonds, Election of 1991, Series 2016E in an Aggregate Principal Amount Not to Exceed \$5,000,000, Including Bonds Subject to the Compounding of Interest and Approving Certain Other Matters Relating to the Bonds

**RECOMMENDATION:** The Center Joint Unified School District Board of Trustees approve Resolution # 21/2015-16: Resolution of the Board of Trustees of Center Joint Unified School District Authorizing the Issuance and Sale of Its General Obligation Bonds, Election of 1991, Series 2016E in an Aggregate Principal Amount Not to Exceed \$5,000,000, Including Bonds Subject to the Compounding of Interest and Approving Certain Other Matters Relating to the Bonds.

Resolution #21/2015-16

**RESOLUTION OF THE BOARD OF TRUSTEES  
OF CENTER JOINT UNIFIED SCHOOL DISTRICT  
AUTHORIZING THE ISSUANCE AND SALE OF ITS GENERAL OBLIGATION  
BONDS, ELECTION OF 1991, SERIES 2016E IN AN AGGREGATE PRINCIPAL  
AMOUNT NOT TO EXCEED \$5,000,000, INCLUDING BONDS SUBJECT TO THE  
COMPOUNDING OF INTEREST AND APPROVING CERTAIN OTHER MATTERS  
RELATING TO THE BONDS**

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Resolution No. 21/2015-16

**RESOLUTION OF THE BOARD OF TRUSTEES  
OF CENTER JOINT UNIFIED SCHOOL DISTRICT  
AUTHORIZING THE ISSUANCE AND SALE OF ITS GENERAL OBLIGATION  
BONDS, ELECTION OF 1991, SERIES 2016E IN AN AGGREGATE PRINCIPAL  
AMOUNT NOT TO EXCEED \$5,000,000, INCLUDING BONDS SUBJECT TO THE  
COMPOUNDING OF INTEREST, AND APPROVING CERTAIN OTHER MATTERS  
RELATING TO THE BONDS**

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**WHEREAS**, a duly called election was held within the Center Joint Unified School District (the "District"), County of Sacramento (the "County"), on November 5, 1991 (the "1991 Election"), and thereafter canvassed pursuant to law; and

**WHEREAS**, at the 1991 Election, there was submitted to and approved by the requisite two-thirds (2/3) of the qualified voters or more of the qualified electors of the District voting on a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot measure submitted to the voters, in the maximum principal amount of \$59,205,525, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "1991 Authorization")

**WHEREAS**, this Board of Trustees (the "Board") has determined the need for issuance of the fifth series of its General Obligation Bonds under the 1991 Authorization in an aggregate principal amount not to exceed \$5,000,000 (the "Bonds") to finance the Projects (as defined below); and

**WHEREAS**, the Board has elected to proceed to issue the Bonds under Section 53506 *et seq.* of the Government Code of the State of California (the "State");

**WHEREAS**, this Board has determined that it is desirable to sell the Bonds pursuant to a negotiated underwriting to Piper Jaffray & Co., as underwriter (the "**Underwriter**") pursuant to a Contract of Purchase (as defined herein), a form of which has been submitted to and considered at this meeting of the Board; and

**WHEREAS**, it appears to this Board to be necessary and proper for the District to adopt this Resolution in conformity with Section 53508.5 of the Government Code of the State of California and Section 15146(b) and (c) of the Education Code of the State of California (the "**Education Code**"), comprising Assembly Bill 182 ("**A.B. 182**"), to provide full disclosure to the public regarding the estimated terms of the Bonds; and

**WHEREAS**, a form of the preliminary official statement (the "**Preliminary Official Statement**") relating to the Bonds has been submitted to and considered at this meeting of the Board; and

**WHEREAS**, a form of continuing disclosure undertaking (the “**Continuing Disclosure Undertaking**”), attached as an Appendix to the Preliminary Official Statement, has been submitted to and considered at this meeting of the Board; and

**WHEREAS**, this Governing Board recognizes that Senate Bill No. 222 (Chapter 78, Statutes of 2015) (“**SB222**”), which provides for a statutory lien to secure repayment of general obligation bonds, was passed by the legislature and approved by the Governor and became effective January 1, 2016; and

**WHEREAS**, the pledge included in this Resolution to secure payment of the Bonds is intended to be a consensual agreement with the bondholders; and

**WHEREAS**, this Board desires that the County should collect a tax on all taxable property within the District sufficient to provide for payment of the Bonds, and intends by the adoption of this Resolution to notify the County Board of Supervisors and other officials of the County that they should take such actions as shall be necessary to provide for the levy and collection of such a tax and payment of the Bonds; and

**NOW THEREFORE, IT IS RESOLVED AND ORDERED** by the Board of Trustees of the Center Joint Unified School District as follows:

**SECTION 1. Definitions.** The following terms shall for all purposes of this Resolution have the following meanings:

“**Accreted Value**” shall mean with respect to any Capital Appreciation Bond as of any date of calculation, the sum of the Denominational Amount thereof and the interest accreted thereto to such date of calculation, compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise set forth in the Contract of Purchase, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months.

“**Authorized Investments**” shall mean legal investments authorized by Section 53601 of the Government Code of the State of California, as in effect on the date such investments are made.

“**Authorized Representative**” shall mean the Superintendent, the Director of Fiscal Services or any member of the Board of Trustees of the District, or any designee thereof.

“**Authorizing Law**” shall mean Article XIII A of the California Constitution and Section 53506 *et seq.* of the Government Code of the State, as amended.

“**Bond Counsel**” shall mean Nixon Peabody LLP or any other firm that is a nationally recognized bond counsel firm.

“**Bond Register**” shall mean the books referred to in Section 13 of this Resolution.

“**Bond Purchase Agreement**” shall mean the Bond Purchase Agreement for the Bonds by and between the District and the Underwriter.

“Bond Year” shall mean the twelve-month period commencing August 1 in any year and ending on the last day of July in the next succeeding year, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on July 31, 2017, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement.

“Building Fund” shall mean the Building Fund of the District funded with the proceeds of the Bonds (the “Building Fund”) established by the County at the direction of the District.

“Business Day” shall mean a day that is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Capital Appreciation Bonds” shall mean Bonds, the interest on which is compounded semiannually on February 1 and August 1 of each year until maturity, commencing on the date set forth in the Contract of Purchase, computed using a year of 360 days, comprised of twelve 30-day months.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; Underwriter’s discount; rating organization fees and related travel expenses; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds, if any; and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Projects, to the extent such fees and expenses are approved by the District.

“County” shall mean the County of Sacramento, California.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

“Current Interest Bonds” shall mean the Bonds bearing interest payable semiannually, designated as such pursuant to Section 9(b) of this Resolution.

“Debt Service” shall have the meaning given to that term in Section 197(c) of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 17(a) of this Resolution.

“Denominational Amount” shall mean, as to any Capital Appreciation Bond, the initial issue amount thereof.

“Depository” shall mean DTC and its successors and assigns or if (a) the then-acting Depository resigns from its functions as securities depository of the Bonds, or (b) the District discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the District and the Director of Finance.

“Director of Finance” shall mean the Director of Finance of the County and such other persons as may be designated by the Director of Finance to act on his or her behalf. The Director of Finance of the County is responsible for and performs the roles of the County Auditor-Controller and County Treasurer.

“Disclosure Counsel” shall mean Nixon Peabody LLP, in its capacity as disclosure counsel to the District with respect to the Bonds.

“DTC” shall mean The Depository Trust Company, and its successors and assigns.

“Excess Earnings Fund” shall mean the Excess Earnings Fund established pursuant to Section 18 of this Resolution.

“Financial Advisor” shall mean Caldwell Flores Winters, LLC, as financial advisor to the District.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

“Information Services” shall mean the Electronic Municipal Market Access System (“EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

“Interest Payment Date” shall mean February 1 and August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement.

“Maturity Amount” shall mean the Accreted Value of any Capital Appreciation Bond at maturity.

“Moody’s” shall mean Moody’s Investors Service, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating organization for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating organization selected by the District.



**"Nominee"** shall mean the nominee of the Depository, which may be the Depository, as determined from time to time by the Depository.

**"Outstanding"** when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 11 hereof,
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 23 of this Resolution.

**"Owner"** shall mean the registered owner, as indicated in the Bond Register, of any Bond.

**"Participant"** shall mean a member of or participant in the Depository.

**"Paying Agent"** shall mean the Director of Finance and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. The Director of Finance is authorized to contract with any third party to perform the services of Paying Agent under this Resolution.

**"Pledged Moneys"** shall have the meaning given to that term in Section 16 of this Resolution.

**"Preliminary Official Statement"** shall mean that certain preliminary official statement describing the Bonds and the District, intended for use in connection with the marketing and sale of the Bonds.

**"Principal"** or **"Principal Amount"** shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond, the Accreted Value thereof.

**"Principal Payment Date"** shall mean August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement.

**"Projects"** shall have the meaning given to that term in Section 6 of this Resolution.

**"Project Costs"** shall mean all of the expenses of and incidental to the Projects, including Costs of Issuance.

**"Record Date"** shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

**“Regulations”** shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

**“Resolution”** shall mean this Resolution.

**“S&P”** shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating organization for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating organization selected by the District.

**“State”** shall mean the State of California.

**“Superintendent”** shall mean the Superintendent of the District.

**“Supplemental Resolution”** shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Section 34 or Section 35 hereof.

**“Tax Certificate”** shall mean the Tax and Nonarbitrage Certificate of the District delivered in connection with the issuance of the Bonds.

**“Transfer Amount”** shall mean the aggregate Principal Amount thereof.

**“Underwriter”** shall mean Piper Jaffray & Co.

SECTION 2. **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. **Authority for this Resolution.** (a) This Resolution is adopted pursuant to the provisions of the Authorizing Law.

(b) **Resolution to Constitute a Contract.** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

**SECTION 4. Authorization and Approval of Documents; Determination of Method of Sale and Terms of Bonds.** (a) The form of the Contract of Purchase is hereby approved. The Authorized Representatives are, and each of them acting alone is, authorized and directed to execute and deliver the Contract of Purchase to the Underwriter for and in the name and on behalf of the District, with such additions, changes or corrections therein as the Authorized Representative executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District including, without limitation (i) such changes as are necessary to reflect the final terms of the Bonds to the extent such terms differ from those set forth in this Resolution, including such changes as may be necessary to obtain credit enhancement, including bond insurance, with respect to the Bonds, such approval to be conclusively evidenced by such Authorized Representative's execution thereof and (ii) any other documents required to be executed thereunder. The Bonds shall be dated their date of delivery (or such other date as may be designated in the Bond Purchase Agreement), to bear interest at rates not to exceed 8%, payable with respect to Bonds bearing interest on the dates as may be set forth in the Bond Purchase Agreement, payable upon maturity, shall mature on August 1 of each of the years as set forth in the Bond Purchase Agreement, with a final maturity date no later than August 1, 2031, or otherwise upon such other terms and conditions as shall be established for the Bonds by the Bond Purchase Agreement. The District shall instruct the Underwriter to establish the terms, series, interest structure and redemption provisions for the Bonds in order to take advantage of financial market conditions prevailing at the date of sale of the Bonds under the Bond Purchase Agreement. The purchase price of the Bonds shall reflect an Underwriter's discount of not to exceed 1.00% (not including original issue discount) of the Principal Amount or Denomination Amount thereof. Final terms of the Bonds shall be as set forth in the Bond Purchase Agreement. Depending upon market conditions, the District may elect to purchase bond insurance to secure the payment of principal and interest on the Bonds following consultation with its Financial Advisor.

(b) Nixon Peabody LLP has been appointed to serve as Bond Counsel and Disclosure Counsel, Caldwell Flores Winters, Inc. has been appointed to serve as Financial Advisor to the District and Piper Jaffray & Co., has been appointed to act as Underwriter with respect to the authorization, sale and issuance of the Bonds, pursuant to certain letter agreements on file with the Superintendent. Pursuant to Section 15146(b) of the Education Code, the Board hereby approves of the sale of the Bonds on a negotiated basis to the Underwriter. The District has determined that conditions in the municipal marketplace are sufficiently complex that the increased flexibility the Underwriter can provide in structuring and planning the sale of the Bonds dictates sale on a negotiated rather than a competitive basis. The costs of sale of the Bonds, which include Paying Agent fees, municipal data collection, financial advisory, bond counsel and disclosure counsel fees, printing and rating charges and other related fees, are estimated at \$110,000 for the Bonds. The Underwriter's discount on the Bonds shall not exceed 1.00% of the par amount thereof, without regard to original issue premium. Bond insurance, if obtained, is estimated to cost no more than \$20,000. An Authorized Representative is hereby authorized and directed to select the Underwriter for the Bonds, subject to approval by this Board.

(c) The form of the Preliminary Official Statement is hereby approved. This Governing Board also hereby authorizes the use and distribution of: (i) the Preliminary Official Statement with such changes as the Authorized Representative executing the certificate

described below may approve upon the advice of Disclosure Counsel, such approval to be conclusively evidenced by such Authorized Representative's execution of such certificate; and (ii) an Official Statement in substantially the form of the Preliminary Official Statement with such changes as may be necessary or desirable in connection with the sale of the Bonds as determined by the Authorized Representative executing the Official Statement, such determination to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Representative; and (iii) any amendments or supplements to the Preliminary Official Statement or the Official Statement which an Authorized Representative may deem necessary or desirable, such determination to be conclusively evidenced by the execution of such amendment or supplement or of a certificate as described below by such Authorized Representative. The Authorized Representatives are, and each of them acting alone hereby is, authorized to approve such additions, deletions or changes to the Preliminary Official Statement and Official Statement, as are necessary or desirable to effect the purposes of this Resolution and to comply with applicable laws and to deliver copies of the Preliminary Official Statement and the Official Statement to the Underwriter. Upon approval of the Preliminary Official Statement by such Authorized Representative as evidenced by execution of a certificate substantially in the form of Exhibit B attached hereto and by this reference incorporated herein, with such changes as may be necessary or desirable, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

The District recognizes and agrees that the Preliminary Official Statement shall include for offering the District's 2016 Refunding Bonds as described above.

(d) The form of the Continuing Disclosure Undertaking is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized to execute and deliver the Continuing Disclosure Undertaking on behalf of the District, with such changes therein as the Authorized Representative executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Representative's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Undertaking shall not be considered an event of default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including Owners of the Bonds.

(e) The Board hereby approves the form of Paying Agent Agreement submitted to and considered at this meeting of the Board. The Authorized Representatives of the District, as defined in the Authorizing Resolution, are, and each of them acting alone is, authorized and directed to execute and deliver the Paying Agent Agreement for and in the name and on behalf of the District, with such additions, changes or corrections thereto as the Authorized Representative executing the same may approve in his or her discretion, as being in the best interests of the District..

SECTION 5. Authorization of Officers. The Authorized Representatives of the District are, and each of them acting alone is, hereby authorized to execute any and all documents and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 6. Authority to Issue; Use of Bond Proceeds. The Bonds shall be issued in the name and on behalf of the District in an aggregate Principal Amount not to exceed \$5,000,000 for the purpose of financing the improvement of District facilities, as authorized at the 1991 Election (the "Projects").

SECTION 7. Designation and Form; Payment.

(a) The Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated "Center Joint Unified School District General Obligation Bonds, Election of 1991, Series 2016E" (or as otherwise designated by an Authorized Representative).

(b) The forms of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, the forms of which are attached hereto as Exhibit A and incorporated herein by this reference.

(c) Principal, premium, if any and interest with respect to any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent in Sacramento, California.

SECTION 8. Description of the Bonds.

(a) The Bonds shall be issued in fully registered form, in denominations or Maturity Amount and Denominational Amount of \$5,000 or any integral multiple thereof. The Bonds shall be dated their date of delivery or such dates as shall appear on the Bond Purchase Agreement (the "Dated Date") and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Bond Purchase Agreement.

(b) Current Interest Bonds. Interest on each Current Interest Bond shall accrue from its dated date as set forth in the Bond Purchase Agreement. Interest on Current Interest Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on July 15, 2016, or as otherwise provided in the Bond Purchase Agreement, in which event interest with respect thereto shall be payable from its Dated Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously

been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

(c) Capital Appreciation Bonds. Capital Appreciation Bonds shall be issued in fully registered form in any Denominational Amount but shall reflect Maturity Amounts of \$5,000 or any integral multiple thereof, shall mature on the dates, in the years and shall accrete interest at their accretion rates all as set forth in the Contract of Purchase.

Capital Appreciation Bonds shall not pay current interest. Capital Appreciation Bonds shall increase in value by the accretion of interest from their Denominational Amounts on the date of issuance thereof to their stated Maturity Amounts. Interest accreting on the Capital Appreciation Bonds will be computed on the basis of a 360-day year, comprised of twelve 30-day months, and will be compounded on August 1, 2016 and semiannually thereafter on February 1 and August 1 in each year, or as otherwise set forth in the Contract of Purchase.

(d) Conformance with A.B. 182: Required Information Regarding Capital Appreciation Bonds. Pursuant to A.B. 182, the Governing Board acknowledges that it has been presented at two consecutive scheduled meetings with information related to the Bonds regarding: (i) the rationale for the issuance of Capital Appreciation Bonds, (ii) their proposed financing term and time of maturity; (iii) the repayment ratio of the Capital Appreciation Bonds through maturity; (iv) the District's current estimates of changes in assessed valuation of taxable property in the District over the term of the Bonds; and (v) a comparison of the overall cost of debt service on the Bonds if they were all issued as Current Interest Bonds, against the overall cost of debt service on the Bonds, including the Capital Appreciation Bonds. Current statements, estimates and projections as to these items are attached hereto as Exhibit C, which is incorporated herein by this reference. The District represents and covenants that debt service on the Bonds will not exceed the maximum ratio of total debt service to principal of 4:1 as mandated by Section 15144.1 of the Education Code. A Rule G-17 submission from the Underwriter has previously been provided to the Governing Board and is on file with the Clerk of the Governing Board.

#### SECTION 9. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a

successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The District may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word "Nominee" in this Resolution shall refer to such new nominee of the Depository.

The execution and delivery of a letter of representations (the "Representation Letter") and such additional documents as may be necessary to qualify the Bonds for the book-entry-only system of the Depository or as may be otherwise necessary or desirable in connection with the issuance of the Bonds is hereby authorized and approved. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Resolution or in any other way impose upon the District any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register. In

addition to the execution and delivery of the Representation Letter, the District, and its deputies and designees, are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the Depository's book-entry program

(b) If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the District within 90 days after the District receives notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the District shall issue new Bonds representing the Bonds as provided below. In addition, the District may determine at any time that the Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event the District shall execute and deliver certificates representing the Bonds as provided below. Bonds issued in exchange for book-entry securities pursuant to this subsection shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The Paying Agent shall then deliver certificated securities representing the new Bonds to the persons in whose names such Bonds are registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully registered book-entry security for each of the maturities of Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the representation letter or as otherwise instructed by the Depository.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

#### SECTION 10. Execution of the Bonds.

(a) The Bonds shall be executed by the District by the manual or facsimile signature of the President of the Board and the manual or facsimile signature of the Clerk of the Board or by a deputy of either of such officers. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.



(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 11. Transfer and Exchange. The transfer of any Bond may be registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like series, tenor and maturity in the same Transfer Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like series, tenor, maturity and Transfer Amount. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 12. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so

mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 12 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute valid contractual obligations on the part of the District and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 13. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 14. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid after a date in said notice, which date shall not be less than 90 days prior to the date of such payment, to the effect that said money has not been claimed and that after a date named therein, any unclaimed balance of said money then remaining will be transferred to the general fund of the District. Thereafter, the Owners of such Bonds shall look only to the general fund of the District for payment of such Bonds.

SECTION 15. Application of Proceeds. Upon the sale of the Bonds, the proceeds, or a portion of the proceeds, of the Bonds shall be deposited into a fund established for the account of the District and designated the "Center Joint Unified School District, General Obligation Bonds, Series 2016E Building Fund". The Building Fund shall be administered by the County for the account of the District and which shall be kept separate and apart from all other accounts held hereunder. The District shall, from time to time, disburse amounts from the Building Fund to pay Project Costs. Amounts in the Building Fund shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the Building Fund. Any amounts that remain in a Building Fund at the completion of the Projects shall be transferred to the Debt Service Fund to

be used to pay the Principal or of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

**SECTION 16. Payment and Security for the Bonds.** The Board shall annually at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District in an amount at least sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year, which moneys when collected are irrevocably pledged for the payment of the Principal of and interest on the Bonds when and as the same fall due (the “Pledged Moneys”). When collected by the County, Pledged Moneys will be placed in the Debt Service Fund of the District. The property taxes and amounts collected shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Debt Service Fund of the District when collected, to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The District hereby pledges as security for the Bonds and the interest thereon, and shall deposit or cause to be deposited in the applicable Debt Service Fund, the Pledged Moneys. Pledged Moneys shall be used to pay the Principal and of, premium, if any, and interest on the applicable series of Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

**SECTION 17. Debt Service Fund.**

(a) The District shall deposit or cause to be deposited any accrued interest and any original issue premium received by the District from the sale of the Bonds, net of any bond premium used to pay costs of issuance or any other expense, in the fund established for the account of the District and designated as the “Center Joint Unified School District, General Obligation Bonds, Series 2016E Debt Service Fund” (the “Debt Service Fund”) to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

(b) All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

(c) The District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds (the “Debt Service”) on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(d) Any amounts on deposit in a Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the general fund of the District.

SECTION 18. Establishment and Application of Excess Earnings Fund. The District shall establish special funds designated the "Center Joint Unified School District Bonds 2016E Excess Earnings Fund" (the "Excess Earnings Fund"), which shall be administered by the County for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall deposit, or cause to be deposited, moneys to the Excess Earnings Funds in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Funds shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 19. Payments of Costs of Issuance. The District may pay, or cause to be paid, Costs of Issuance using proceeds of or original issue premium on the Bonds.

SECTION 20. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Office of Education or Director of Finance, or its agents, as applicable, may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 21. Redemption. The Bonds shall be subject to redemption as provided in the Bond Purchase Agreement.

SECTION 22. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Bond Purchase Agreement for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond that is to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

SECTION 23. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Bond Purchase Agreement, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption (or such lesser period to which the Paying Agent agrees), shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the

specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register. Notice of redemption may be given on a conditional basis in connection with a refunding of the Bonds.

(b) If the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) If the Bonds shall no longer be held in book-entry only form, at least two days before the date of notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

**SECTION 24. Partial Redemption of Bonds.** Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

**SECTION 25. Effect of Notice of Redemption.** Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 23 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 22, 23 and 24 shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

**SECTION 26. Paying Agent, Appointment and Acceptance of Duties.**

(a) The Board hereby appoints the Director of Finance (or its designee) to provide Paying Agent services for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent, including its third party agents, shall be the sole responsibility of the District. The Paying Agent shall keep accurate records of all funds administered by it and all of the Bonds paid and discharged by it.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Bonds.

**SECTION 27. Liability of Paying Agent.** The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

**SECTION 28. Evidence on Which Paying Agent May Act.** The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

**SECTION 29. Compensation.** The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution.

**SECTION 30. Ownership of Bonds Permitted.** The Paying Agent or the Underwriter may become the Owner of any of the Bonds.

**SECTION 31. Resignation or Removal of Paying Agent and Appointment of Successor.**

(a) The Paying Agent initially appointed hereunder may resign from service as Paying Agent and in that event, the District may select a replacement third party to perform the services of Paying Agent. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the District may appoint a successor Paying Agent, which

shall be a bank or trust company doing business in and having a corporate trust office in California, with at least \$100,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor.

SECTION 32. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Building Fund, the Excess Earnings Fund and the Debt Service Fund shall remain on deposit in such funds.

SECTION 33. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 34. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that if a bond insurance policy respecting the Bonds is in effect, and provided that the bond insurer, if any, complies with its obligations thereunder, the bond insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be

required if the Owners are not directly and adversely affected by such amendment or modification.

**SECTION 35. Supplemental Resolutions Effective Without Consent of Owners.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

(d) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(e) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

**SECTION 36. Effect of Supplemental Resolution.** Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent of either from taking any action pursuant thereto.

**SECTION 37. Defeasance.** If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(1) by well and truly paying or causing to be paid the Principal of and interest on all Bonds Outstanding, as and when the same become due and payable;

(2) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or



(3) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements for serving as Paying Agent pursuant to Section 31, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 31 hereof.

SECTION 38. Bond Insurance. All or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, if the District, in consultation with the Underwriter and the District's financial advisor, determines that the savings to the District resulting from the purchase of such bond insurance exceeds the cost thereof.

SECTION 39. Tax Covenants. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the District hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of these covenants, the District agrees to comply with the covenants contained in the Nonarbitrage Certificate. The District hereby agrees to deliver instructions to the Paying Agent as may be necessary in order to comply with the Nonarbitrage Certificate.

SECTION 40. Levy of Taxes. The County Board of Supervisors, the Director of Finance and other officials of the County are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on the Bonds as the same shall become due and payable as necessary for the payment of the Bonds, and the Clerk of the Board is hereby authorized and directed to deliver certified copies of this Resolution to the Clerk of the County Board of Supervisors and the Director of Finance. This Board authorizes the payment to the County for County staff expenses in connection with the County's support of, and participation in, the issuance of the Bonds.

SECTION 41. Authorization of Actions. The Authorized Representatives are, and each of them acting alone hereby is, authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose

SECTION 42. Request for Necessary County Actions. The County Board of Supervisors, the Director of Finance and other officials of the County, are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on the Bonds as the same shall become due and payable as necessary for the payment of the Bonds, and the Clerk of the Board is hereby authorized and directed to deliver certified copies of this Resolution to the Clerk of the County Board of Supervisors and the Director of Finance. The Board hereby agrees to reimburse the County for any costs associated with the levy and collection of said tax, upon such documentation of said costs as the District shall reasonably request.

SECTION 43. Conflicts. If there is any inconsistency or conflict between any provision of this Resolution and any provision of the Bond Purchase Agreement, the Bond Purchase Agreement prevails to the extent of the inconsistency or conflict. If there is any inconsistency or conflict between any provision of this Resolution and any provision of the Tax Certificate, the Tax Certificate prevails to the extent of the inconsistency or conflict.

SECTION 44. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 30th day of June, 2016, by the Board of Trustees of the Center Joint Unified School District of the County of Sacramento, State of California, by the following vote:

AYES: MEMBERS: \_\_\_\_\_

NOES: MEMBERS: \_\_\_\_\_

ABSENT: MEMBERS: \_\_\_\_\_

This is to certify that this is a true and correct copy of the resolution as adopted and approved at a special meeting of the Board of Trustees of the Center Joint Unified School District.

\_\_\_\_\_  
President, Board of Trustees,  
Center Joint Unified School District

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees,  
Center Joint Unified School District

**EXHIBIT A-1**

**FORM OF CURRENT INTEREST BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

CENTER JOINT UNIFIED SCHOOL DISTRICT  
(COUNTY OF SACRAMENTO)  
GENERAL OBLIGATION BONDS, ELECTION 1991, SERIES 2016E

\$ \_\_\_\_\_

No. \_\_\_\_\_

Interest Rate:  
\_\_\_\_%

Maturity Date:  
August 1, 20\_\_

Dated Date:  
\_\_\_\_\_, 2015

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Center Joint Unified School District (the "District") of the County of Sacramento, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on August 1, 2016, and semiannually thereafter on the first day of February and August (each, an "Interest Payment Date") in each year to the Registered Owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on July 15, 2016, in which event it shall bear interest from its Dated Date; provided, however, that if at the

time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). Interest on this Bond shall be computed using a year of 360 days, comprised of twelve 30-day months. The Principal Amount hereof is payable at the office of the \_\_\_\_\_, as agent of] the Director of Finance of the County, as paying agent (the "Paying Agent"), or at the office of a successor Paying Agent appointed pursuant to the Resolution (as hereinafter defined) The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

[The Bonds of this issue are comprised of \$\_\_\_\_\_ principal amount of Current Interest Bonds of which this Bond is a part and \$\_\_\_\_\_ denominational amount of Capital Appreciation Bonds.] This Bond is issued and authorized by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the Government Code of the State of California, as amended (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Trustees of the District on \_\_\_\_\_, 2016 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than two-thirds (2/3) of the qualified voters or more of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes, which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County of Sacramento.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption.

The Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the principal amounts set forth in the following schedule, at a redemption price of par, plus accrued interest to the date fixed for redemption:

**Mandatory Sinking Fund**

**Payment Date**

**(August 1)**

**Mandatory Sinking Fund Payment**

**\$**

Whenever provision is made in this Resolution or in the Bond Purchase Agreement for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond that is to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

IN WITNESS WHEREOF, the Center Joint Unified School District has caused this Bond to be executed in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the Center Joint Unified School District and countersigned by the manual or facsimile signature of the Clerk of the Board of Trustees of the Center Joint Unified School District.

CENTER JOINT UNIFIED SCHOOL  
DISTRICT

By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
President of the Board of Trustees

Attest:

By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
Clerk of the Board of Trustees



## CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Trustees of the Center Joint Unified School District which has been authenticated and registered on \_\_\_\_\_, 20\_\_.

DIRECTOR OF FINANCE OF THE  
COUNTY OF SACRAMENTO,  
as Paying Agent

[By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
As Agent]

By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
Authorized Signatory

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address for Payment of Interest: \_\_\_\_\_

Social Security Number or other Tax Identification No.: \_\_\_\_\_

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

\_\_\_\_\_  
Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature \_\_\_\_\_  
guaranteed

[Bank, Trust Company or Firm]

By \_\_\_\_\_  
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

**EXHIBIT A-2**

**FORM OF CAPITAL APPRECIATION BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

CENTER JOINT UNIFIED SCHOOL DISTRICT  
(COUNTY OF SACRAMENTO)  
GENERAL OBLIGATION BONDS, ELECTION 1991, SERIES 2016E

\$ \_\_\_\_\_

No. \_\_\_\_\_

Accretion Rate:

Maturity  
Date

Maturity  
Amount

Dated as of:

CUSIP

%

August 1, \_\_\_\_

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY AMOUNT:

The Center Joint Unified School District (the "District") of the County of Sacramento (the "County"), State of California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Amount on the Maturity Date, each as stated above, such Maturity Amount comprising the Denominational Amount and interest accreted thereon. This Bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing [August 1, 2016], at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Principal Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. The principal amount hereof is payable at the office of [\_\_\_\_\_, as agent of] the Director of Finance of the County, as paying agent (the "Paying Agent"), or at

the office of a successor Paying Agent appointed pursuant to the Resolution (as hereinafter defined). The Maturity Amount is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date, or by wire transfer to any Owner of \$1,000,000 Principal Amount or more of this Bond, to the account specified by the Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

The Bonds of this issue are comprised of \$\_\_\_\_\_ Denominational Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond") and \$\_\_\_\_\_ Principal Amount of Current Interest Bonds. This Bond is issued and authorized by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the Government Code of the State of California, as amended (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Trustees of the District on \_\_\_\_\_, 2016 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file with the Clerk of the Board of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution.

Reference is made to the Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the County, the Paying Agent and the Owners, and the terms and conditions upon which the Bonds are issued and secured. The Owner of this Bond assents, by acceptance hereof, to all of the provisions of the Resolution.

[The Capital Appreciation Bonds maturing on or before August [ ], shall not be subject to redemption prior to their maturity dates. The Capital Appreciation Bonds maturing on August [ ], may be redeemed before maturity at the option of the District, from any source of available funds, in whole or in part, at the direction of the District, on any date on or after August [ ], at a redemption price equal to the Principal Amount thereof, together with accrued interest to the date of redemption, without premium.]

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that so long as any Bond Insurance Policy is in effect, and provided that the Bond Insurer complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption

date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such supplemental resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

If this Bond is called for redemption and the Accreted Value of this Bond is duly provided therefor as specified in the Resolution, then interest shall cease to accrete with respect hereto from and after the date fixed for redemption.

This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Resolution until the Certificate of Authentication below has been signed.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the Board of Trustees of the District in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act, and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

IN WITNESS WHEREOF, the Center Joint Unified School District has caused this Bond to be executed on behalf of the District as of the date hereof.

CENTER JOINT UNIFIED SCHOOL  
DISTRICT

By: \_\_\_\_\_ [Form Document]  
President of the Board of Trustees

Attest:

By: \_\_\_\_\_ [Form Document]  
Clerk of the Board of Trustees

## CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Trustees of the Center Joint Unified School District which has been authenticated and registered on \_\_\_\_\_, 2016.

DIRECTOR OF FINANCE OF THE  
COUNTY OF SACRAMENTO,  
as Paying Agent

[By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
as Agent ]

By: \_\_\_\_\_ [Form Document] \_\_\_\_\_  
Authorized Signatory

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address for Payment of Interest: \_\_\_\_\_

Social Security Number or other Tax Identification No.: \_\_\_\_\_

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

\_\_\_\_\_  
Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature \_\_\_\_\_  
guaranteed

[Bank, Trust Company or Firm]

By \_\_\_\_\_  
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



**EXHIBIT B**

**FORM OF 15C2-12 CERTIFICATE**

Piper Jaffray & Co.

Ladies and Gentlemen:

With respect to the proposed sale of its General Obligation Bonds, Election of 1991, Series 2016E, in an aggregate principal amount not to exceed \$5,000,000 and its General Obligation Refunding Bonds, Series 2016, in an aggregate principal amount not to exceed \$30,000,000, Center Joint Unified School District (the "**District**") has delivered to you a Preliminary Official Statement, dated as of the date hereof (the "**Preliminary Official Statement**"). The District, for purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), deems the Preliminary Official Statement to be final as of its date, except for the omission of no more than the information permitted under Rule 15c2-12.

CENTER JOINT UNIFIED SCHOOL DISTRICT

Dated: \_\_\_\_\_, 2016

By: \_\_\_\_\_ [FORM ONLY]  
Authorized Officer

## **EXHIBIT C**

### **Center Unified School District (Sacramento County)**

#### **INFORMATION REQUIRED UNDER A.B. 182**

These percentages, the aggregate amount to be issued and the payback ratio are all estimates and market conditions at the time of pricing will dictate the actual numbers. In no event will the payback ratio exceed 4.00:1.00, the maximum established under A.B. 182.

**Part 1.            Financing Term and Maturity**

Final Maturity Date:            August 1, 2031

**Part 2.            Repayment Ratio**

Not to exceed 1.50:1.00

**Part 3.            Estimated Change in Assessed Valuation**

See 3.A. attached

**Part 4.            Analysis of Overall Costs**

See 4.A. attached

**Part 5.            Reasons for Including Capital Appreciation Bonds (CABs)**

CABs are being issued in order for the District to maintain its current tax rate with no projected tax rate increase. This is being achieved by using CABs for this contemplated new money issuance in conjunction with a simultaneous CAB to CAB 2016 Refunding of the existing District's 2007 Bonds.

**Part 6.            Municipal Securities Rulemaking Board, Rule G-17 Letters  
from Underwriter.**

On file with the Superintendent.

**ATTACHMENT 3.A.**

<b>Year</b>	<b>AV Growth History and Projections (per annum)</b>
2011-12*	-5.28%
2012-13*	-5.48%
2013-14*	7.79%
2014-15*	5.29%
2015-16*	4.99%
2016-17	4.0%
2017-18	4.0%
2018-19	4.0%
and thereafter	4.0%

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\* Actual

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**ATTACHMENT 4.A.**

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**Chart A**  
**Proposed Financing Structure as contemplated w/CABs**

<b>Date</b>	<b>CAB Debt Service</b>
8/1/2017	\$ -
8/1/2018	\$ -
8/1/2019	\$ -
8/1/2020	\$ -
8/1/2021	\$ -
8/1/2022	\$ -
8/1/2023	\$ 487,270
8/1/2024	\$ 487,270
8/1/2025	\$ 487,270
8/1/2026	\$ 487,270
8/1/2027	\$ 487,270
8/1/2028	\$ 487,270
8/1/2029	\$ 487,270
8/1/2030	\$ 487,270
8/1/2031	\$ 487,270
<b>Total</b>	<b>\$ 4,385,430</b>

**Chart B**  
**Proposed Financing Structure if completed w/CIBs**

<b>Date</b>	<b>CIB Debt Service</b>
8/1/2017	\$ 90,000
8/1/2018	\$ 90,000
8/1/2019	\$ 90,000
8/1/2020	\$ 90,000
8/1/2021	\$ 90,000
8/1/2022	\$ 90,000
8/1/2023	\$ 385,302
8/1/2024	\$ 385,302
8/1/2025	\$ 385,302
8/1/2026	\$ 385,302
8/1/2027	\$ 385,302
8/1/2028	\$ 385,302
8/1/2029	\$ 385,302
8/1/2030	\$ 385,302
8/1/2031	\$ 385,302
<b>Total</b>	<b>\$ 4,007,714</b>

This is a comparison of the proposed structure (Chart A) that includes Capital Appreciation Bonds (CABs) to an all Current Interest Bond (CIBs) financing (Chart B). Both are based on the current market rates.

§ \_\_\_\_\_  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**GENERAL OBLIGATION BONDS ELECTION OF 1991, SERIES 2016E**

**PURCHASE CONTRACT**

July \_\_, 2016

Board of Trustees  
Center Joint Unified School District  
8408 Watt Avenue  
Antelope, California 95843

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Purchase Contract (the "Purchase Contract") with the Center Joint Unified School District (the "District"), which, upon the acceptance by the District hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of the Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California Time, on the date hereof.

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$\_\_\_\_\_ aggregate principal amount of the Center Joint Unified School District General Obligation Bonds Election of 1991, Series 2016E (the "Bonds").

The amount received by or on behalf of the District in exchange for the Bonds shall be \$\_\_\_\_\_ (consisting of the par amount of the Bonds, plus \$\_\_\_\_\_ of net original issue premium, and less an Underwriter's discount of \$\_\_\_\_\_). At the request of the District, on the Closing Date (as defined herein), the District has requested the Underwriter to wire (i) the amount of \$\_\_\_\_\_ to \_\_\_\_\_ (the "Costs of Issuance Custodian"), to pay costs of issuance, [and (ii) the bond insurance premium of \$\_\_\_\_\_ to \_\_\_\_\_ (the "Insurer").] As a result, the net amount to be wired to the District as the purchase price for the Bonds will be \$\_\_\_\_\_.

**2. The Bonds.** The Bonds shall be dated their date of delivery, shall accrete interest at the rates and shall mature on August 1 in the years shown on Appendix A hereto and shall be subject to redemption all as shown on Appendix A hereto, which is incorporated herein by reference. The Bonds are being issued as Capital Appreciation Bonds.

The Bonds are being issued by the District under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of California, as amended (the "Act"), and pursuant to a resolution of the Board of Trustees of the District adopted on [June 29], 2016 (the "Resolution").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolution. The Bonds shall bear CUSIP numbers; be in fully registered book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"); and be in authorized denominations of Five Thousand Dollars (\$5,000) principal amount or any integral multiple thereof. The Bonds shall be delivered to DTC or its agent at least one business day prior to the Closing.

The proceeds of sale of the Bonds will be applied to finance the construction, acquisition, furnishing, and equipping of specified District facilities and pay costs of issuance of the Bonds. Capitalized terms used herein and not defined herein shall have the meanings set forth in the Resolution.

**3. Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Official Statement (defined below), and the Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the issuance and offering of the Bonds (except as such documents otherwise provide).

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, and that the Underwriter has financial and other interests that differ from those of the District, (ii) in connection with such transaction the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed a fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract, (iv) the District has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds, and (v) the Underwriter has provided the District with certain underwriter disclosures required under Rule G17 of the Municipal Securities Rulemaking Board (the "MSRB"). The District acknowledges that it has engaged Caldwell Flores Winters, Inc. as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on Caldwell Flores Winters, Inc. for financial advice with respect to the Bonds.

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated July \_\_, 2016 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c212 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first-class mail (or other equally prompt means, including electronic distribution) not later than the first business day following the date upon which each such request is received.

References herein to the Preliminary Official Statement and the final Official Statement include the cover page, the inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

**6. Closing.** At 9:00 A.M., California Time, on August \_\_, 2016, or at such other time or on such other date as shall have been mutually agreed upon by and between the District and the Underwriter (the "Closing"), the District will cause to be delivered to the Underwriter (except as otherwise provided in the Resolution), through the facilities of DTC, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Nixon Peabody LLP ("Bond Counsel") in Los Angeles, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

**7. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization of the District. The District is a school district duly established and validly existing under the laws of the State of California, with the full legal right and power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract, and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of, the obligations contained in the Bonds, the Resolution, and this Purchase Contract have been duly authorized and such authorization shall be in

full force and effect at the time of the Closing, and (iv) this Purchase Contract constitutes the valid and legally binding obligations of the District.

(c) Consents. Except for the actions of the parties hereto, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Resolution, and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the titles of the officials of the District who are required to execute any contracts, certificates, or official statements in connection with the delivery of the Bonds to their respective offices, or the powers of those offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the levy or collection of taxes contemplated by the Resolution and available to pay the principal of and interest on the Bonds, or the pledge of the debt service fund therefor, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, or the Resolution or contesting the powers of the District or the authority thereof with respect to the Bonds, the Resolution, or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions consummated by this Purchase Contract, or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of interest on the Bonds from California personal income taxation.



(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any entity on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County of Sacramento (the "County") or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor-Controller a copy of the Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and the policies and procedures of the County.

(i) Continuing Disclosure. In accordance with the requirements of the Rule, at or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Official Statement in Appendix G. Except as otherwise disclosed in the Official Statement and based on a review of its previous undertakings, the District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events with respect to the last five years.

(j) Certificates. Any certificate signed by any officer of the District delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(k) Interim Financial Report. The District has not designated its most recent interim financial report for fiscal year 2015-16 as qualified or negative, nor has such interim financial report received a qualified or negative certification or designation from the County Superintendent of Schools.

(l) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(m) **Financial Information.** The financial statements of and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information included in the Official Statement has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement.

**8. Representations and Agreements of the Underwriter.** The Underwriter represents to and agrees with the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c), with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 7(i) hereof is sufficient to effect compliance with Rule 15c212.

**9. Covenants of the District.** The District covenants and agrees with the Underwriter that:

(a) **Securities Laws.** The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) **Official Statement.** The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date the Purchase Contract is signed, and in sufficient time to accompany any confirmation that requests payment from any customer, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District in such

quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board.

(c) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale;

(d) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare, at its own expense, and furnish to the Underwriter such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, at its own expense, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing Date.

**10. Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing

pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing, and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except in accordance with Section 10(d) hereto; and (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of the Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which, with respect to the District, has any of the effects described in Section 7(f) hereof or contests in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof, or

(3) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(6) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act;

(7) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the District's outstanding indebtedness (without regard to any bond insurance);

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to

make the statements made therein, in light of the circumstances under which they were made, not misleading;

(9) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(10) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(11) any proceeding shall have been commenced or be threatened in writing by the SEC against the District; or

(12) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District; or

(13) the suspension by the SEC of trading in the outstanding securities of the District; or

(14) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of *ad valorem* property taxes to pay principal of and interest on the Bonds; or

(15) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect; or

(16) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

(e) Delivery of Documents. At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the documents below, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion. The approving opinion of Bond Counsel, as to the validity and federal and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement.

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinions described in (e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the District and the Underwriter, substantially to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS", "PLAN OF FINANCE," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Resolution, the Bonds, the final approving opinion of Bond Counsel, and California law or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, information concerning DTC or related to its book-entry only system, or any information contained in Appendices A, B, C, D, E, H and I to the Official Statement;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate, and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the District are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the state of California; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(4) Disclosure Counsel Opinion. An opinion, dated the Closing Date and addressed to the District and the Underwriter, of Nixon Peabody LLP, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the District, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a

material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data contained in the Official Statement);

(5) Certificates of the District. Certificates signed by appropriate officials of the District, to the effect that (i) such officials are authorized to execute the Purchase Contract, (ii) the representations and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and the Purchase Contract, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement (excluding therefrom information regarding DTC and its book-entry only system, information regarding the initial offering of the Bonds and accreted values of the Bonds (if applicable), and information regarding the investment portfolio, policies, practices and valuation procedures of the County, as to which no view is expressed) does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) no consent is required for the inclusion of the District's Audited Financial Statement as an appendix to the Official Statement;

(6) Tax Exemption. A Tax Exemption Certificate of the District in a form satisfactory to Bond Counsel;

(7) Ratings. Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received, at a minimum, a [rating of "\_\_\_" from Standard & Poor's Ratings Service, a Standard and Poor's LLC business ("S&P") reflecting delivery of the municipal bond insurance policy by the Insurer, and an underlying] rating of "\_\_\_" from S&P, and that such ratings have not been revoked or downgraded;

(8) Resolution. A certificate, together with copies of the Resolution, of the Clerk of the District Board of Trustees to the effect that:

(i) such copies are true and correct copies of the Resolution;  
and

(ii) that the Resolution was duly adopted and has not been amended or rescinded and is in full force and effect on the date of the Closing;

(9) Continuing Disclosure Certificate. A Continuing Disclosure Certificate in substantially the form given in the Preliminary Official Statement;

(10) Paying Agent Certificate. A certificate of the Director of Finance



of Sacramento County, as paying agent (the "Paying Agent") dated the Closing Date, signed by a duly authorized officer of the Paying Agent, in form and substance satisfactory to the Underwriter, to the effect that:

(i) The Paying Agent has all necessary power and authority to enter into and perform its duties under the Resolution;

(ii) The Paying Agent is duly authorized to perform its obligations under the Resolution; and

(iii) Compliance with the respective terms of the Resolution will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Paying Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Paying Agent or any of its activities or properties, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Paying Agent;

(11) Paying Agent Authorization. A certified copy of the resolution of the Paying Agent that authorizes the execution and delivery of the Bonds and the performance by the Paying Agent of its obligations under the Resolution;

(12) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations with respect to the Preliminary Official Statement in accordance with the Rule;

(13) Underwriter's Counsel Opinion. An opinion of Nossaman LLP, counsel to the Underwriter, in form and substance acceptable to the Underwriter;

(14) [Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance by the Insurer that unconditionally guarantees the timely payments when due of all debt service on the Bonds;

(15) Certificate of Insurer. A certificate(s) of the Insurer in form and substance satisfactory to Bond Counsel, including a certification of the appropriate agent of the Insurer evidencing Insurer's determination that the information contained in the Official Statement regarding the Insurer and the Insurance Policy with respect to the Bonds is accurate;

(16) Opinion of Counsel to the Insurer. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the District in form and substance acceptable to counsel to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its

incorporation; (ii) the Policy constitutes the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity principles; and (iii) the information contained in the Official Statement under the caption "BOND INSURANCE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and]

(17) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence (A) compliance by the District with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the representations of the District contained herein or in the Official Statement, and (C) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 11 hereof.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in the Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by the Purchase Contract, the Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

**11 Conditions to Obligations of the District.** The performance by the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

**12. Expenses.** From the proceeds of the sale of the Bonds, the District shall pay the following expenses: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings; (v) the cost of the printing and distribution of the Official Statement; (vi) the initial fees of the Paying Agent; (vii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; (viii) the

fees and expenses of the District's Financial Advisor; and (ix) all other fees and expenses incident to the issuance and sale of the Bonds.

In addition to the above expenses, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) without limitation and the fees and disbursements of Underwriter's counsel. An meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

**13. Notices.** Any notice or other communication to be given under the Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the Superintendent, Center Joint Unified School District, 8408 Watt Avenue, Antelope, California 95843; or if to the Underwriter, to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Mark Adler.

**14. Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter (including the successors or assigns of the Underwriter). This Purchase Contract is made solely for the benefit of the District and the Underwriter. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Bonds hereunder.

**15. Severability.** In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

**16. Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

**17. Execution in Counterparts.** This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**18. Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as  
of the above-written date:

**CENTER JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Authorized Representative

Date of execution: \_\_\_\_\_

Time of execution: \_\_\_\_\_

## APPENDIX A

### MATURITY SCHEDULE

\$\_\_\_\_\_ Denominational Amount  
Capital Appreciation Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Denominational</u> <u>Amount</u>	<u>Accretion</u> <u>Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Maturity</u> <u>Value</u>
	\$	%	%	\$

### TERMS OF REDEMPTION

***Optional Redemption.*** The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption, without premium.

## PRELIMINARY OFFICIAL STATEMENT DATED JULY \_\_, 2016

### NEW ISSUE – BOOK-ENTRY ONLY

**Rating:**  
S&P: “ ”

See “MISCELLANEOUS – Rating” herein.

*In the opinion of Nixon Peabody LLP (“Bond Counsel”), under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” herein regarding certain other tax considerations.*

### CENTER JOINT UNIFIED SCHOOL DISTRICT (Sacramento County, California)

### \$[ ]1\* General Obligation Bonds Election of 1991, Series 2016E and \$[ ]\* General Obligation Refunding Bonds, Series 2016

**Dated: Date of Delivery**

**Due: August 1, as shown on inside cover**

The General Obligation Bonds, Election of 1991, Series 2016E (the “2016E Bonds”) of the Center Joint Unified School District (the “District”) were authorized by an election held within the District on November 5, 1991 (the “1991 Authorization”), and are the fifth issuance of bonds under the 1991 Authorization, as more fully described herein under the caption “INTRODUCTION.” The proceeds of the 2016E Bonds are being used to: (i) finance the construction, acquisition, furnishing and equipping of District facilities and (ii) to pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE” and “THE BONDS – Estimated Sources and Uses.”

The General Obligation Refunding Bonds, Series 2016 (the “Refunding Bonds”) (together with the 2016E Bonds, the “Bonds”) are being issued to: (i) refund a portion of the District’s outstanding General Obligation Bonds (Election of 1991), Series 2007 (the “Series 2007 Bonds”) and (ii) pay cost of issuing the Refunding Bonds, including all costs of administering the Escrow account, as more fully described herein under the caption “PLAN OF FINANCE” and “THE BONDS – Estimated Sources and Uses.”

The Bonds are dated the date of their respective delivery and are issued on a parity with all other general obligation bonds of the District.

The Bonds will be issued as capital appreciation bonds, and will mature on the dates and in the amounts and accrete interest at the rates shown on the inside cover hereof. The Capital Appreciation Bonds accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2017, and will be payable solely at maturity.

The Bonds are being issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds described in APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto. Payments of the accreted value of and interest on the Bonds will be made by the Director of Finance of the County of Sacramento, as initial paying agent, registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC’s Direct Participants (defined herein) to the beneficial owners of the Bonds. Upon receipt of payments of accreted value and interest, DTC is obligated in turn to remit such accreted value and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein.

**The Bonds are subject to redemption as provided herein. See “THE BONDS – Redemption of the Bonds.”**

[As more fully described herein, the District may obtain an insurance policy, which, if obtained, would insure the scheduled payment of accreted value and interest with respect to the Bonds when due. The District’s decision whether or not to obtain such a policy will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Bonds.]

The Bonds are general obligations of the District only and are not obligations of the County of Sacramento, the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy a tax for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the accreted value of, and interest and premium, if any, on each Bond as the same becomes due and payable. See “SECURITY FOR THE BONDS” herein.

### MATURITY SCHEDULE

\* Preliminary, subject to change.

On Inside Cover

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

*The Bonds will be offered when, as and if issued by the District and received by Piper Jaffray & Co., the Underwriter, subject to the approval of legality by Nixon Peabody LLP, as Bond Counsel. Certain legal matters will also be passed upon for the District by Nixon Peabody LLP as Disclosure Counsel, and for the Underwriter by its counsel, Nossaman LLP, Irvine, California. Caldwell Flores Winters, Inc., Emeryville, California is serving as Financial Advisor to the District in connection with the issuance of the Bonds. The Bonds in book-entry form will be available for delivery through the facilities of DTC on or about August 2, 2016.*

**[Insert Piper Jaffray Logo]**

Dated: July \_\_, 2016

**MATURITY SCHEDULE**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**(Sacramento County)**

\$[ ]<sup>2</sup>  
**General Obligation Bonds, Election of 1991,**  
**Series 2016E**

<u>Maturity Date (November 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Yield</u>	<u>Maturity Amount</u>	<u>CUSIP No. (151847)3</u>
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\$[ ]<sup>\*</sup>  
**General Obligation Refunding Bonds**  
**Series 2016**

<u>Maturity Date (November 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Yield</u>	<u>Maturity Amount</u>	<u>CUSIP No. (151847)Error! Bookmark not defined.</u>
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<sup>2</sup> Preliminary, subject to change.

<sup>3</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered and beneficial owners of the applicable Bonds. Neither the Underwriter nor the District is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.



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

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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by Sacramento County (the "County"), the County has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth in APPENDIX H – "SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS" hereto.

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

**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. THE UNDERWRITER MAY OFFER AND SELL BONDS TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE INITIAL PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID INITIAL PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION (DEFINED HEREIN) BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. The Authority maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2016A Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

**CENTER JOINT UNIFIED SCHOOL DISTRICT  
(Sacramento County, California)**

**BOARD OF TRUSTEES**

Delrae Pope – President  
Nancy Anderson - Clerk  
Kelly Kelley - Member  
Jeremy Hunt - Member  
Donald Wilson - Member

**DISTRICT ADMINISTRATION**

Scott A. Loehr, Superintendent  
Craig Deason, Assistant Superintendent  
Carol Surryhne, Assistant Superintendent Secretary of Facilities & Operations  
Jeanne Bess, Director of Fiscal Services

**BOND AND DISCLOSURE COUNSEL**

Nixon Peabody LLP  
San Francisco, California

**FINANCIAL ADVISOR**

Caldwell Flores Winters, Inc.  
Emeryville, California

**PAYING AGENT**

Director of Finance of Sacramento County  
Sacramento, California

**VERIFICATION AGENT**

Causey, Demgen & Moore P.C.  
Denver, Colorado

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**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
(Sacramento County, California)

**\$[ ]\* General Obligation Bonds Election of 1991, Series 2016E**  
**and**  
**\$[ ]\* General Obligation Refunding Bonds, Series 2016**

**INTRODUCTION**

*This Introduction is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page through the appendices hereto, and the documents summarized or described herein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. A full review should be made of the entire Official Statement.*

**General**

The Center Joint Unified School District (the "District") proposes to issue \$[ ]\* aggregate amount of its General Obligation Bonds Election of 1991, Series 2016E (the "2016E Bonds"), under and pursuant to a bond authorization (the "1991 Authorization") for the issuance and sale in the maximum principal amount of \$59,205,525 of general obligation bonds, which were approved by more than two-thirds of the voters of the District voting on the proposition at an election held on November 5, 1991 (the "1991 Election"). The 2016E Bonds are the fifth issuance of bonds to be issued under the 1991 Authorization. The District also proposes to issue \$[ ]\* aggregate amount of its General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds", together with the 2016E Bonds, the "Bonds").

The 2016E Bonds are being issued to finance the construction and improvement of District facilities and to pay all legal, financial and contingent costs in connection therewith, as more fully described herein under the captions "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" below. The Refunding Bonds are being issued to refund a portion of the District's outstanding General Obligation Bonds (Election of 1991), Series 2007D (the "2007D Bonds") and pay the cost of issuing the Refunding Bonds, including all costs of administering the Escrow Account. The Bonds are issued on parity with all other general obligation bonds issued by or on behalf of the District.

**The District**

The District was established as a school district in 1858 and became a unified school district in 1980. The District is located in the unincorporated portions of Sacramento and Placer Counties and serves the communities of Antelope, Elverta, and Roseville.

The District encompasses approximately 20.5 square miles serving approximately 4,500 students. The District currently operates four elementary schools, one junior high and two high schools. The District employs 258 teachers. The current student-teacher ratio in the District is 24:1 in grade K-3, 30:1 in grades 4-5, 30:1 in grades 6-8, and 30:1 in grades 9-12.

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\* Preliminary, subject to change.

Additional information on the District is provided in Appendices C and D hereto. See APPENDIX C – “DISTRICT INFORMATION” and APPENDIX D – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15” attached hereto.

### **Security and Sources of Payment for the Bonds**

The Bonds are general obligation bonds approved by voters of the District. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the accreted value of and interest on the Bond as such accreted value and interest become due and payable.

The 2016E Bonds were authorized at the 1991 Election, and are payable from the levy of an *ad valorem* tax against the taxable property in the District (the “1991 Authorization”). The Refunding Bonds are payable from the levy of an *ad valorem* tax against the taxable property in the District.

Such *ad valorem* property taxes are deposited with the County for the account of the District and applied only to pay the principal or accreted value of, premium, if any, and interest on the respective series of Bonds. The District does not receive such funds nor are they available to pay any of the District’s operating expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Pursuant to Government Code Section 53515, general obligation bonds issued and sold by or on behalf of the District shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes. The lien shall be valid and binding from the time the bonds are executed and delivered. The revenues received pursuant to the levy and collection of *ad valorem* property taxes will be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

The annual tax levy will be based on the assessed value of taxable property in the District. Fluctuations in the assessed value of property in the District may cause the annual tax levy and tax rate to fluctuate. The reduction of assessed values of taxable property in the District caused by economic and other factors beyond the District’s control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of such property caused by, among other eventualities, earthquake, flood or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax levy. See also “STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT REVENUE SOURCES AND EXPENDITURES – Article XIII.A.”

### **The Bonds**

The Bonds will be issued as capital appreciation bonds. The Bonds will be initially issued in book-entry form only, in initial amounts (“Denominational Amounts”) corresponding to \$5,000 accreted value at maturity (“Maturity Amount”) or any integral multiple thereof, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). The Maturity Amount of the Bonds is payable on the maturity dates set forth on the inside cover page of this Official Statement or upon the earlier redemption thereof, as described herein. The Capital Appreciation Bonds will not bear current interest, but will accrete in value from their Denominational Amounts to their respective Maturity Amounts on their respective maturity dates on the basis of a constant interest rate

(with straight line interpolations between compounding interest dates) compounded commencing February 1, 2017, and semiannually thereafter on August 1 and February 1 in each year and shall be payable only upon maturity. See "THE BONDS – Interest on the Bonds" herein.

#### **The District's General Obligation Bond Program**

Prior to the issuance of the 2016E Bonds, the District has issued \$[ ] under the 1991 Authorization to fund the construction of classrooms and renovation of other facilities. All general obligation bonds of the District are issued on a parity with one another.

The following table sets forth the dates and amounts authorized, the amounts issued and the amounts remaining unissued for the 1991 Authorization. [The 2016E Bonds will be the fifth issue under the 1991 Authorization.]

**TABLE 1**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**General Obligation Bond Authorizations**  
**Dates and Amounts Authorized, Amounts Issued, Amounts Unissued**

<b>Bond Authorization</b>	<b>Date Authorized by Voters</b>	<b>Amount Authorized (\$ Millions)</b>	<b>Amount Issued</b>	<b>Amount Unissued</b>
1991 Election	November 5, 1991	\$59.2	\$ _____	\$ _____

Source: The District

#### **Expected Use of Bond Proceeds**

The proceeds of the 2016E Bonds, after payment of costs of issuance therefor and certain related expenses, will fund school projects (collectively, the "1991 Election Projects") approved at the 1991 Election and pay the costs of issuance of the 2016E Bonds.

The proceeds of the Refunding Bonds, after payment of costs of issuance therefor and certain related expenses, the Refunding Bonds are being issued to refund a portion of the District's Refunded Bonds.

#### **Continuing Disclosure**

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") for each fiscal year by not later than 270 days following the end of the District's fiscal year (currently ending June 30) commencing with the Annual Report for fiscal year 2015-16, and to provide notices of the occurrence of certain enumerated events.

The notices of specified events will be filed by the District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act. See "CONTINUING DISCLOSURE UNDERTAKING" herein.

## Other Information

This Official Statement contains brief descriptions of, among other things, the District, the District's general obligation bond program, the Resolution and certain matters relating to the security for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents are qualified in their entirety by reference to such documents. Copies of such documents are available upon request to the Superintendent at Center Joint Unified School District, 8408 Watt Avenue, Antelope, California 95843; telephone: (916) 338-6400, and, following delivery of the Bonds will be on file at Director of Finance of the County, as the initial Paying Agent for the Bonds (the "Paying Agent"), in Sacramento, California.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2016E Bonds are as follows:

<u>Estimated Sources of Funds</u>	
Par Amount	\$
Original Issue Premium/Discount	
Total Sources	\$
<u>Estimated Uses of Funds</u>	
Deposit to 2016E Building Fund	\$
Deposit to 2016E Debt Service Fund	
Costs of Issuance <sup>(1)</sup>	
Total Uses	\$

<sup>(1)</sup> Includes underwriter's discount, fees of Bond Counsel, the Paying Agent, the Financial Advisor, the rating agency, the printer and other miscellaneous expenses.

The estimated sources and uses of funds with respect to the Refunding are as follows:

<u>Estimated Sources of Funds</u>	
Par Amount	
Original Issue Premium/Discount	
Total Sources	\$
<u>Estimated Uses of Funds</u>	
Deposit to Escrow Fund	\$
Costs of Issuance <sup>(1)</sup>	
Total Uses	\$

<sup>(1)</sup> Includes underwriter's discount, fees of Bond Counsel, the Paying Agent, the Financial Advisor, the Escrow Agent, the rating agency, the printer, and other miscellaneous expenses.

## THE BONDS

### Authority for Issuance

The 2016E Bonds are issued and secured pursuant to (i) Section 53506 *et seq.* of the Government Code of the State, as amended, (ii) applicable provisions of the Education Code of the State, as amended, and (ii) Article XIII A of the State Constitution, and pursuant to the provisions of the Resolution

of the District, adopted on [June 30], 2016 (the "2016E Bonds Resolution"). The 2016E Bonds were authorized at the 1991 Election pursuant to the 1991 Authorization.

The Refunding Bonds are being issued by the District under the provisions of: (i) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code of the State, as amended, (ii) applicable provisions of the Election Code of the state; and (3) Article XIII A of the State Constitution, and pursuant to the provisions of Resolution No. 20/2015-16 of the District, adopted on June 8, 2016 (the "Refunding Bonds Resolution" and, collectively with the 2016E Bonds Resolution, the "Resolution").

### **General Provisions**

The Bonds will be issued as capital appreciation bonds. The Bonds will be initially issued in book-entry form only, without coupons, in Denominational Amounts corresponding to \$5,000 Maturity Amount or any integral multiple thereof, and when issued, will be initially issued and registered in the name of Cede & Co., as nominee for DTC. DTC will act as securities depository for the Bonds. The registered owners of the Bonds (the "Owners") will not receive physical certificates representing their interest in the Bonds purchased, except in the event that use of the book-entry system for the Bonds is discontinued. Payments of accreted value of, premium, if any, and interest on the Bonds are payable by the Paying Agent to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. For information about the securities depository and DTC's book-entry system, see APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

### **Interest on the Bonds**

The Bonds will not bear current interest, but will accrete in value from their Denominational Amounts to their respective Maturity Amounts on their respective maturity dates on the basis of a constant interest rate (with straight line interpolations between compounding interest dates) compounded commencing February 1, 2017, and semiannually thereafter on August 1 and February 1 in each year and shall be payable only upon maturity. The Bonds shall be issued in fully registered form in their initial principal amounts but shall reflect denominations of \$5,000 in Maturity Amount or any integral multiple thereof. The Bonds shall be dated the date of their issuance, shall be issued in the aggregate initial principal amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest at the accretion rates, all as set forth on the inside cover of this Official Statement. See also APPENDIX F – "ACCRETED VALUE TABLE."

### **Annual Debt Service**

The annual debt service obligations for the year ending August 1 for all of the District's outstanding general obligation bonds following the issuance of the Bonds is set forth in APPENDIX A – "ANNUAL DEBT SERVICE" attached hereto.

### **Redemption of the Bonds**

#### ***Optional Redemption of the 2016E Bonds***

The 2016E Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The 2016E Bonds maturing on August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date



on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption, without premium.

#### ***Optional Redemption of the Refunding Bonds***

The Refunding Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Refunding Bonds maturing on and after August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption, without premium.

#### **Selection of Bonds for Redemption**

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds of a Series are to be redeemed, the Paying Agent, upon written instruction from the District shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a Series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond that is a Bond to be redeemed in part shall be in the Maturity Value of \$5,000 or any integral multiple thereof.

#### **Notice of Redemption**

When redemption is authorized or required, the Paying Agent, upon written instruction from the District, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Accreted Value of such Bond to be redeemed, and (g) the original issue date, accretion rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register. Notice of redemption may be given on a conditional basis in connection with a refunding of the Bonds, (ii) if the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (i) such Redemption Notice shall be given by first class mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to each of the Securities Depositories, and (iii) if the Bonds shall no longer be held in book-entry only form, at least two days before the date of notice required by clause (i) such Redemption Notice shall be given by first class mail, postage prepaid, or overnight delivery service to one of the Information Services.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds

shall bear the CUSIP number identifying, by Series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Resolution shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

#### **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

#### **Effect of Notice of Redemption**

Notice having been given as required by the Resolution, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrete and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Resolution shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

#### **Transfer and Exchange**

The transfer of any Bond may be registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as

the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether the accreted value, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of accreted value, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

#### **Defeasance**

If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(1) by paying or causing to be paid the accreted value, premium, if any, and interest on such Bonds, and when the same become due and payable;

(2) by depositing with the Paying Agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the applicable Debt Service Fund (and the accounts therein other than amounts that are not available to pay debt service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(3) by depositing with an institution that meets the requirements of serving as successor Paying Agent, pursuant to the Resolution, selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Department of the Treasury ("U.S. Treasury Department") (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further

investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the Resolution.

## **PLAN OF FINANCE**

### **The 1991 Election Projects**

The District will use the proceeds of sale of the 2016E Bonds to complete certain of the 1991 Election Projects and pay the costs of issuance of the 2016E Bonds. The net proceeds from the sale of the 2016E Bonds will be deposited into the Building Fund of the District established with the Director of Finance (the "2016E Building Fund"). The District will be responsible for the use of proceeds of the 2016E Bonds deposited in the 2016E Building Fund. The use of such proceeds is limited to the list of capital projects approved by the voters at the 1991 Election. Such net proceeds and interest earnings on the investment of moneys held in the 2016E Building Fund, except as required to be rebated to the U.S. Treasury Department, will be retained in the 2016E Building Fund and used only for expenditures eligible under the 1991 Election. A portion of the proceeds from the sale of the 2016E Bonds will be used to pay Underwriter's discount and costs of issuance associated with the issuance of the 2016E Bonds.

The District will deposit or cause to be deposited any accrued interest and any premium received by the District from the sale of the 2016E Bonds, into a debt service fund established for the 2016E Bonds (the "2016E Debt Service Fund"). See "INTRODUCTION – Expected Use of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. Except as required to be rebated to the U.S. Treasury Department, interest earned on the investment of moneys held in each Debt Service Fund will be retained in such fund and used to pay for the accreted value of, premium, if any, and interest on the Bonds when due.

### **Plan of Refunding**

The net proceeds of the Bonds will be used to effect the refunding of the Refunded Bonds. On the date of delivery of the Bonds, such net proceeds will be deposited into an Escrow Fund established pursuant to that certain Escrow Agreement, dated as of August 1, 2016 (the "Escrow Agreement"), by and between the District and [\_\_\_\_], in the capacity of Escrow Agent (the "Escrow Agent").

As provided in the Escrow Agreement, the net proceeds of the Refunding Bonds deposited into the Escrow Fund will be invested in [noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America]. On the redemption dates of the Refunded Bonds, amounts available under the Escrow Agreement will be applied to pay the interest on and redemption price of the Refunded Bonds. Causey, Demgen & Moore P.C., certified public accountants, (the "Verification Agent") will verify the sufficiency of amounts deposited and invested into the Escrow Fund to provide such payments.

## **The Refunded Bonds**

The proceeds of the 2007D Bonds were applied to pay prepay the District's Refunding Certificates of Participation (Capital Projects Program) issued in an original aggregate principal amount of \$6,105,000 and to acquire, expand and construct school facilities throughout the District in accordance with the 1991 Authorization.

The District is issuing the Refunding Bonds to refund a portion of the 2007D Bonds maturing from August 1, 2022 through August 1, 2031, inclusive, in order to provide savings to the taxpayers of the District. The selection of the specific maturities to be refunded and included as Refunded Bonds is subject to the District's determination at the time of sale.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General Description**

The Bonds are general obligation bonds approved by voters within the District and are payable from *ad valorem* property taxes levied by the County on taxpayers within the District. The Board of Supervisors of the County has the power and is obligated under State to annually levy *ad valorem* property taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. Such *ad valorem* property taxes are deposited with the County and applied only to pay the principal of, premium, if any, and interest on the Bonds. Such taxes are in addition to other taxes levied upon property within the District. Such taxes, when collected, will be placed by the County in the applicable Debt Service Fund, which is required to be maintained by the County, and such taxes will be used solely for the payment of principal of, premium, if any, and interest on such Bonds.

Pursuant to Government Code Section 53515, general obligation bonds issued and sold by or on behalf of the District shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes. The lien shall be valid and binding from the time the bonds are executed and delivered. The revenues received pursuant to the levy and collection of *ad valorem* property taxes will be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

### **California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes**

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the Constitution of the State (the "State Constitution"). Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the assessor of such county. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the

amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, State voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

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

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

Separate *ad valorem* property taxes to pay voter-approved indebtedness such as the Bonds are levied by the County on behalf of the local agencies. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the Proposition 13 limit except for taxes to support such indebtedness.

The full cash value of taxable property under Article XIII A represents the maximum taxable value for property. Accordingly, the fair market value for a given property may not be the equivalent of the full cash value under Article XIII A. During periods in which the real estate market within the District evidences an upward trend, the fair market value for a given property, which has not been reappraised due to a change in ownership, may exceed the full cash value of such property. During periods in which the real estate market demonstrates a downward trend, the fair market value of a given property may be less than the full cash value of such property and the property owner may apply for a "decline in value" reassessment pursuant to Proposition 8. Reassessments pursuant to Proposition 8, if approved by the Office of the County Assessor, lower valuations of properties (where no change in ownership has occurred) if the current value of such property is lower than the full cash value of record of the property. The value of a property reassessed as a result of a decline in value may change, but in no case may its full cash value exceed its fair market value. When and if the fair market value of a property which has received a downward reassessment pursuant to Proposition 8 increases above its Proposition 13 factored base year value, the Office of the County Assessor will enroll such property at its Proposition 13 factored base year value.

### **Assessed Valuation of Property within the District**

As required by State law, the District uses the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected by the County at the same time and on the same tax rolls as are County, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes. The valuation of secured property by the County is established as of March 1, and is subsequently equalized in August of each year.

State law exempts \$7,000 of the full cash value of an owner-occupied dwelling from property tax, but this exemption does not result in any loss of revenue to local entities because an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State to the County for distribution to local agencies.

The County levies property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (the "Supplemental Assessment"). In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year. Accordingly, each school district is to receive allocations of revenue from such Supplemental Assessments (such allocations to be from amounts remaining after allocations to each redevelopment agency in the County in connection with the 1% levy) and, in accordance with various apportionment factors, to the County, the County superintendent of schools, each community college district, each city and each special district within the County.

Under State law, a property owner can file a claim for a temporary reduction in assessed value when a property suffers a decline-in-value, which is deemed to have occurred when the current market value of the property is less than the assessed value as of January 1. The property is subject to annual review of a temporary decline-in-value reassessment granted for the prior assessment year.

The County Board of Supervisors has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

Under the Teeter Plan, the County is responsible for determining the amount of the ad valorem tax levy on each parcel in the District, which is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County auditor 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 percent of the tax and assessment levies to that fund's credit. Such monies may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected.

Under the Teeter Plan, the County establishes the tax losses reserve fund. The County determines which monies in the County treasury (including those credited to the tax losses reserve fund) shall be available to be drawn onto the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan monies are distributed to the apportioned tax resources accounts. The tax losses reserve fund is used exclusively to cover lost income occurring as a result of tax-defaulted property. Monies in this fund are derived from several sources. While amounts collected as

costs are distributed to the County's general fund, delinquent penalty collections are distributed to the tax losses reserve fund.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the County Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors are to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds.

On January 17, 2014, the Governor declared a State-wide Drought State of Emergency, after determining that the State was facing the driest year in recorded history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures, including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016. These restrictions have been extended until October 31, 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

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In fiscal year 2014-15, the District's total secured and unsecured assessed valuation was approximately \$1,765,319,165. In fiscal year 2015-16, the District's total secured and unsecured assessed valuation is approximately \$1,853,469,343. Shown in the following table are the assessed valuations of property in the District for fiscal years 2011-12 through 2015-16 at 100% of the "full cash value" of the property, as defined in Article XIII A of the State Constitution.

**TABLE 2**  
**Historical Gross Assessed Valuation of Taxable Property**  
**Fiscal Years 2011-12 through 2015-16**

**Sacramento County**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>
2011-12	\$1,425,442,036	\$0	\$11,417,547	\$1,436,859,583
2012-13	1,348,692,082	0	11,859,225	1,360,551,307
2013-14	1,463,791,406	0	10,717,599	1,474,509,005
2014-15	1,569,349,998	0	10,716,428	1,580,066,426
2015-16	1,644,798,137	0	14,059,942	1,658,858,079

**Placer County**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>
2011-12	\$179,046,969	\$0	\$51,660	\$179,098,629
2012-13	165,824,841	0	167,070	165,991,911
2013-14	173,824,906	0	147,580	173,972,486
2014-15	185,138,339	0	114,400	185,252,739
2015-16	194,550,628	0	60,363	194,611,264

**Total District**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>
2011-12	\$1,604,489,005	\$0	\$11,469,207	\$1,615,958,212
2012-13	1,514,516,923	0	12,026,295	1,526,543,218
2013-14	1,637,616,312	0	10,865,179	1,648,481,491
2014-15	1,754,488,337	0	10,830,828	1,765,319,165
2015-16	1,839,348,765	0	14,120,578	1,853,469,343

Source: California Municipal Statistics, Inc.

The following table gives a distribution of taxable property located in the District on the fiscal year 2015-16 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**TABLE 3**  
**Assessed Valuation and Parcels by Land Use**  
**Fiscal Year 2015-16**

	2015-16 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b>Non-Residential:</b>				
Commercial	\$102,895,850	5.59%	34	0.42%
Vacant Commercial	1,243,714	0.07	8	0.10
Industrial	3,877,590	0.21	2	0.02
Vacant Industrial	390,000	0.02	2	0.02
Recreational	1,084,982	0.06	4	0.05
Government/Social/Institutional	4,547,013	0.25	8	0.10
Miscellaneous/Water Company	19,750,827	1.07	180	2.23
Subtotal Non-Residential	\$ 133,789,976	7.27%	238	2.95%
<b>Residential:</b>				
Single Family Residence	\$1,462,432,939	79.51%	7,253	89.89%
Condominium	25,443,819	1.38	181	2.24
Mobile Home	11,540,752	0.63	182	2.26
2-4 Residential Units	8,051,251	0.44	24	0.30
5+ Residential Units	88,308,243	4.80	16	0.20
Miscellaneous Residential	2,128,996	0.12	18	0.22
Vacant Residential	107,652,789	5.85	157	1.95
Subtotal Residential	\$1,705,558,789	92.73%	7,831	97.05%
<b>Total</b>	<b>\$1,839,348,765</b>	<b>100.00%</b>	<b>8,069</b>	<b>100.00%</b>

<sup>(1)</sup> Local Secured Assessed Valuation, excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

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The following table sets forth the assessed valuation of single family homes located in the District for fiscal year 2015-16.

**TABLE 4**  
**Per Parcel 2015-16 Assessed Valuation of Single-Family Homes**

Single Family Residential	No. of Parcels 7,253	2015-16 Assessed Valuation \$1,462,432,939		Average Assessed Valuation \$201,631		Median Assessed Valuation \$194,910	
2015-16 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total	
\$0 - \$24,999 3	0.041%	0.041%	\$ 36,163	0.002%	0.002%		
\$25,000 - \$49,999 60	0.827	0.869	2,483,418	0.170	0.172		
\$50,000 - \$74,999 95	1.310	2.178	6,244,648	0.427	0.599		
\$75,000 - \$99,999 310	4.274	6.453	27,305,345	1.867	2.466		
\$100,000 - \$124,999	435	5.998	12.450	49,319,358	3.372	5.839	
\$125,000 - \$149,999	728	10.037	22.487	100,779,069	6.891	12.730	
\$150,000 - \$174,999	1,061	14.628	37.116	171,847,114	11.751	24.481	
\$175,000 - \$199,999	1,190	16.407	53.523	223,244,326	15.265	39.746	
\$200,000 - \$224,999	977	13.470	66.993	207,657,648	14.199	53.946	
\$225,000 - \$249,999	959	13.222	80.215	227,330,005	15.545	69.490	
\$250,000 - \$274,999	647	8.920	89.136	169,154,352	11.567	81.057	
\$275,000 - \$299,999	320	4.412	93.547	91,617,494	6.265	87.322	
\$300,000 - \$324,999	172	2.371	95.919	53,488,026	3.657	90.979	
\$325,000 - \$349,999	72	0.993	96.912	24,251,855	1.658	92.637	
\$350,000 - \$374,999	49	0.676	97.587	17,770,234	1.215	93.852	
\$375,000 - \$399,999	22	0.303	97.891	8,483,601	0.580	94.433	
\$400,000 - \$424,999	21	0.290	98.180	8,700,434	0.595	95.027	
\$425,000 - \$449,999	21	0.290	98.470	9,226,752	0.631	95.658	
\$450,000 - \$474,999	26	0.358	98.828	12,091,360	0.827	96.485	
\$475,000 - \$499,999	28	0.386	99.214	13,669,898	0.935	97.420	
\$500,000 and greater	57	0.786	100.000	37,731,839	2.580	100.000	
Total 7,253	100.000%		\$1,462,432,939	100.000%			

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.

### **Tax Rates, Levies, Collections and Delinquencies**

Taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due. The annual tax rate is based on the amount necessary to pay all obligations payable from *ad valorem* property taxes and the assessed value of taxable property in a given year.

For assessment and collection purposes, property is classified as either "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 property (real or personal) the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is listed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Properties on the secured roll with respect to which

taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then may be sold at public auction by the County Treasurer.

Property taxes on the unsecured roll are due in one payment on the January 1 lien date and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain 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 certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Proposition 13 and its implementing legislation impose the function of property tax allocation on counties in the State and prescribe how levies on countywide property values are to be shared with local taxing entities within each county. The limitations in Proposition 13, however, do not apply to *ad valorem* property taxes or special assessments to pay the interest and redemption charges on indebtedness, like its general obligation bonds, approved by the voters.

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County. See "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" herein.

State Government Code Sections 29100 through 29107 provide the procedures that all counties must follow for calculating tax rates. The secured tax levy within the District consists of the District's share of the 1% general *ad valorem* property and unitary taxes assessed on a County-wide basis and amounts levied that are in excess of the 1% general *ad valorem* property taxes. These tax receipts are part of the District's operations. In addition, the secured tax levy also includes the amount for the District's share of special voter-approved *ad valorem* property taxes assessed on a district-wide basis, such as the *ad valorem* property taxes assessed for the District's general obligation bonds issued pursuant to the Authorizations. *Ad valorem* property taxes levied for general obligation bonds are deposited with the County and applied only to pay the principal of, premium, if any, and interest on the District's general obligation bonds, including the Bonds. The District does not receive such funds nor are they available to pay any of the District's operating expenses. In addition, the total secured tax levy includes special assessments, improvement bonds, supplemental taxes or other charges which have been assessed on property within the District. Since State law allows homeowners' exemptions (described above) and certain business exemptions from *ad valorem* property taxation, such exemptions are not included in the total secured tax levy. See "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" herein.

Further, Section 15251 of the Education Code of the State (the "Education Code") provides that all taxes levied with respect to general obligation bonds when collected will be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf

of which the tax was levied, to the credit of the debt service fund (or interest and sinking fund) of the school district, and will be used for the payment of the principal and accreted value of, premium, if any, and interest on the general obligations bonds of the school district and for no other purpose. Accordingly, the County may not borrow or spend such amounts nor can the District receive such funds and use them for operating purposes.

A representative tax rate area located within the District is Tax Rate Area 61-001. The table below summarizes the total *ad valorem* tax rates, including tax rates for the District's general obligation bonds, levied upon property owners by all taxing entities for the last several years in Tax Rate Area 61-001 from fiscal years 2011-12 through 2015-16.

**TABLE 5**  
**Typical Tax Rates**  
**Per \$100 of Assessed Valuation (TRA 61-001)**  
**Fiscal Years 2011-12 through 2015-16<sup>(1)</sup>**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Center Joint Unified School District	<u>.1538</u>	<u>.1772</u>	<u>.1905</u>	<u>.2045</u>	<u>.1551</u>
Total	1.1538	1.1772	1.1905	1.2045	1.1551

<sup>(1)</sup> Fiscal Year 2015-16 assessed valuation of TRA 61-001 is \$323,962,697.  
Source: California Municipal Statistics, Inc.

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The following table shows real property tax charges and corresponding delinquencies with respect to property located in the District for fiscal years 2010-11 through 2014-15.

**TABLE 6**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Years 2010-11 through 2014-15**

**Sacramento County Portion**

<b>Fiscal Year</b>	<b>Secured Tax Charge<sup>(1)</sup></b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2010-11	\$1,849,375	\$34,576	1.87%
2011-12	2,131,130	28,940	1.36
2012-13	2,320,861	24,235	1.04
2013-14	2,728,003	17,451	0.64
2014-15	3,168,235	25,633	0.81

<sup>(1)</sup> Levy for District's general obligation debt service only. Sacramento County portion only.  
Source: California Municipal Statistics, Inc.

**Placer County Portion**

<b>Fiscal Year</b>	<b>Secured Tax Charge<sup>(1)</sup></b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2010-11	\$	\$	%
2011-12			
2012-13			
2013-14			
2014-15	375,247.78	11,729.25	3.13

<sup>(1)</sup> Levy for District's general obligation debt service only. Placer County portion only.  
Source: California Municipal Statistics, Inc.

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## Largest Taxpayers in the District

The following table sets forth the twenty largest secured taxpayers in the District for fiscal year 2015-16.

**TABLE 7**  
**Largest Local Secured Taxpayers**  
**Fiscal Year 2015-16**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	Carmel Capehart LLC	Apartments	\$ 32,749,871	1.78%
2.	Antelope GARP LLC	Commercial	24,180,804	1.31
3.	Mourier Investments LLC	Undeveloped	22,716,324	1.24
4.	California-American Water Company	Water Company	21,498,157	1.17
5.	Willow Court Apartments LLC	Apartments	16,546,818	0.90
6.	Wal-Mart Real Estate Business Trust	Commercial	15,632,802	0.85
7.	Williams Portfolio 9	Apartments	14,280,720	0.78
8.	North Country Vista LLC	Apartments	12,053,167	0.66
9.	Winco Foods LLC	Commercial	11,375,325	0.62
10.	Top Terraces Inc.	Commercial	7,388,869	0.40
11.	StorSMART Sacramento LLC	Commercial	7,289,481	0.40
12.	Westgate Associates LP	Apartments	6,613,459	0.36
13.	Orchard Supply Company LLC	Commercial	6,595,273	0.36
14.	BHT II Northern Cal I LLC	Undeveloped	5,675,408	0.31
15.	Lennar Winncrest LLC	Undeveloped	5,566,575	0.30
16.	Placer 400 Investors LLC	Undeveloped	4,975,732	0.27
17.	2014 1 IH Borrower LP	Residential Properties	4,252,803	0.23
18.	Palladay Greens LLC	Undeveloped	4,238,158	0.23
19.	Baseline P&R LLC	Undeveloped	4,227,768	0.23
20.	IL Centro LLC	Undeveloped	3,998,000	0.22
			<u>\$231,855,514</u>	<u>12.61%</u>

<sup>(1)</sup> 2015-16 Local Secured Assessed Valuation: \$1,839,348,765  
Source: California Municipal Statistics, Inc.

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### **General Obligation Bond Program and Bonding Capacity**

Voters within the District have approved a total of \$59,205,525 million of general obligation bonds in the 1991 Election. See “INTRODUCTION – The District’s General Obligation Bond Program” herein for additional information regarding the Authorizations. See APPENDIX C – “DISTRICT INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt” for additional information regarding the District’s outstanding general obligation bonds.

Pursuant to Sections 15102 and 15268 of the Education Code, the District’s bonding capacity for general obligation bonds may not exceed 1.25% of taxable property value in the District as shown by the last equalized assessment of the County.

The taxable property value in the District for fiscal year 2015-16 is approximately \$1.8 billion, and prior to the issuance of the Bonds, the District has a total bonding capacity for general obligation bonds of at least \$2.2 million.

### **Direct and Overlapping Debt**

Set forth on Table 8 on the following page is the debt report prepared by the California Municipal Statistics, Inc. which provides information with respect to direct and overlapping debt within the District as of June 22, 2016 (the “Debt Report”). The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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**TABLE 8**  
**Schedule of Direct and Overlapping Bonded Debt**  
**As of June 22, 2016**

2015-16 Assessed Valuation: \$1,853,469,343

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				<u>% Applicable</u>	<u>Debt 7/1/16</u>
Center Joint Unified School District	100.	%	\$34,924,466	(1)	
City of Roseville Westbrook Community Facilities District No. 124.257			3,482,067		
Sacramento Area Flood Control Agency Operation and Maintenance Assessment District			15,388		0.529
Placer County Community Facilities District No. 2001-1 15.122			1,620,280		
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>					<b>\$40,042,201</b>

OVERLAPPING GENERAL FUND DEBT:

Sacramento County General Fund Obligations	1.232%	\$	3,124,919		
Sacramento County Pension Obligation Bonds	1.232		11,827,911		
Sacramento County Board of Education Certificates of Participation		1.232			79,834
Placer County General Fund Obligations	0.304		102,190		
Placer County Office of Education Certificates of Participation		0.304	4,499		
Sierra Joint Community College District Certificates of Participation		2.189			158,790
City of Roseville Certificates of Participation		0.177	47,831		
Sacramento Metropolitan Fire Protection District Pension Obligations		2.932			1,891,697
Sunrise Recreation and Park District Certificates of Participation		9.659	602,722		
Placer Mosquito and Vector Control District Certificates of Participation		0.304			11,263
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$17,851,656</b>		
Less: City of Roseville supported obligations			<u>6,366</u>		
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>					<b>\$17,845,290</b>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$57,893,857</b>	<b>(2)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$57,887,491</b>	

(1) Excludes issue to be sold.

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

Ratios to 2015-16 Assessed Valuation:

<b>Direct Debt (\$34,924,466)</b>	<b>1.88%</b>
<b>Total Direct and Overlapping Tax and Assessment Debt</b>	<b>2.16%</b>
<b>Gross Combined Total Debt</b>	<b>3.12%</b>
<b>Net Combined Total Debt</b>	<b>3.12%</b>

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed and refinanced with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

### **State Taxes**

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

### **Original Issue Discount**

Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over the price at which a substantial amount of such maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of

such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

### **Original Issue Premium**

Bonds sold at prices in excess of their principal amounts are "Premium Bonds." An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This

could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **LEGAL MATTERS**

### **Continuing Disclosure**

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide Annual Reports for each fiscal year by not later than 9 months following the end of the District's fiscal year (currently ending June 30) commencing with the Annual Report for fiscal year 2015-16, and to provide notices of the occurrence of certain enumerated events. The District will provide or cause to be provided the Annual Reports and these notices to the Municipal Securities Rulemaking Board through its EMMA system located at [www.emma.msrb.org](http://www.emma.msrb.org), in the manner prescribed by the SEC, although the information presented there is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. The specific nature of the information to be contained in the notices of events is set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

[TO BE UPDATED] [In the past five years, Center JUSD has not fully complied with its continuing disclosure undertakings in the filing of annual reports and significant event notices in a timely manner. ] [The District has currently engaged Caldwell Flores Winters, Inc. to assist with the preparation and dissemination of the annual reports and material event filings required by the District's existing continuing disclosure undertakings, including in connection with the undertaking being entered into in connection with the Bonds. See APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." In the future, the District may appoint or engage other third-party dissemination agents to assist it in carrying out its existing continuing disclosure undertakings. The District believes it will be compliant with Rule 15c2-12(b)(5) in the future. ]

### **Limitation on Remedies; Amounts Held in the County Treasury Pool**

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in

certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

### **California Senate Bill 222**

On July 13, 2015, the Governor signed Senate Bill 222 (“SB 222”) into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, will remove the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future ad valorem property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

### **Special Revenues**

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on ad valorem property taxes that are use-restricted to the repayment of the Bonds, the District believes that those taxes are “special revenues” as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition does not stay the application of those special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal and interest to owners of the Bonds likely would continue under 11 U.S.C. § 922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the ad valorem property taxes could not be used for any other purpose other than repayment of the Bonds; the ad valorem property taxes should be determined to be special revenues in a

Chapter 9 proceeding, and thus owners of the Bonds would ordinarily continue to be paid post-petition; and the ad valorem property taxes are also protected by a statutory lien in favor of the bondholders. It should be noted, however, that it is possible – in the context of confirming a Plan of Adjustment (the “Plan”) in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds’ terms are fair and equitable.

The Resolutions and the Act require the County to annually levy ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual ad valorem taxes and certain funds to repay the Bonds and may invest these funds in the County’s Investment Pool, as described in APPENDIX H - “SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS” herein. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the owners of the Bonds can “trace” those funds. There can be no assurance that the owners could successfully so “trace” such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

#### **Certain Legal Matters**

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Nixon Peabody LLP, San Francisco, California, as Bond Counsel, and certain other conditions. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in APPENDIX F attached hereto. Certain legal matters will also be passed upon for the District by its Disclosure Counsel, Nixon Peabody LLP, San Francisco, California, and for the Underwriter by its counsel, Nossaman LLP.

#### **FINANCIAL STATEMENTS**

The District’s Audited Financial Statements for fiscal year 2014-15 are attached as APPENDIX D. The basic financial statements of the District for fiscal year 2014-15, which are included in APPENDIX D to this Official Statement, have been audited by Goodell, Porter, Sanchez & Bright, LLP, independent certified public accountants (the “Auditor”), as stated in their report appearing in APPENDIX D. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX D to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

#### **LITIGATION**

There is no litigation pending against the District or, to the knowledge of its executive officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any

way contesting or affecting the validity of the Bonds or the Authorizations or any proceedings of the District taken with respect to the issuance or sale thereof, or the levy or application of *ad valorem* property taxes for the payment of principal and interest on the Bonds or the use of the proceeds of the Bonds. To the best of the District's knowledge, there are no pending lawsuits that challenge the validity of the Bonds, the existence of the District, or the title of the executive officers to their respective offices.

## MISCELLANEOUS

### Rating

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P" or "Rating Agency") has assigned their municipal bond rating of "\_\_\_" to the Bonds. The District has furnished to the Rating Agency certain materials and information with respect to itself and the Bonds, including information not included in this Official Statement, about the District and the Bonds. Generally, a rating agency bases its rating on such information and materials and on its own investigations, studies and assumptions. The rating reflects only the view of the Rating Agency, and any explanation of the significance of such rating may be obtained only from the Rating Agency furnishing the same, at the following address: S&P, 55 Water St., New York, New York 10041, tel. (212) 208-8000.

There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such, if, in its judgment, circumstances so warrant. Those circumstances may include, among other things, changes in or unavailability of information relating to the District or the Bonds. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

### Financial Advisor

Caldwell Flores Winters, Inc. (the "Financial Advisor") has been engaged by the District to perform financial services in connection with the issuance of the Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

### Underwriting

The 2016E Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the 2016E Bonds at the purchase price of \$\_\_\_\_\_, which is equal to the aggregate principal amount of the 2016E Bonds of \$\_\_\_\_\_, plus/less an original issue premium/discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_.

The Refunding Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Refunding Bonds at the purchase price of \$\_\_\_\_\_, which is equal to the aggregate principal amount of the Refunding Bonds of \$\_\_\_\_\_, plus/less an original issue premium/discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_.

Pursuant to the Bond Purchase Agreement, the Underwriter will purchase all of the Bonds if any of such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers and others at prices or yields different from the initial public offering prices or yields stated on the inside cover page of this Official Statement. The initial public offering prices or yields may be changed from time to time by the Underwriter.

[The Underwriter has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.]



**Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries of the Bonds, the Resolution and the constitutional provisions, statutes and other documents described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

**CENTER JOINT UNIFIED SCHOOL  
DISTRICT**

By: \_\_\_\_\_  
Superintendent

## APPENDIX A

### ANNUAL DEBT SERVICE

The following table sets forth the annual debt service obligations for the year ending August 1 for all of the District's outstanding general obligation bonds following the issuance of the Bonds described in the forepart of this Official Statement.

#### OUTSTANDING GENERAL OBLIGATION BONDS

Year Ending (August 1)	Outstanding Bonds Debt Service <sup>(1)</sup>	Series 2016E		Refunding Bonds		Aggregate Debt Service
		Principal	Interest	Principal	Interest	
2016	\$	\$	\$	\$	\$	\$
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2041						
2043						
2044						
2045						
Total	\$	\$	\$	\$	\$	\$

<sup>(1)</sup> Includes the 2007D Bonds.

## APPENDIX B

### REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

*The Center Joint Unified School District (the "District") is located in the City of Sacramento (the "City"), in the County of Sacramento (the "County") and the State of California (the "State"). This Appendix B provides economic and demographic information pertaining to the City and the County.*

#### Population

The populations of the City, the County and the State during the period from 2012 through 2016 are set forth in the following table.

**TABLE B-1**  
**Population Figures<sup>(1)</sup>**  
**2012 through 2016**

<u>Year</u>	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>State of California</u>
2012	472,264	1,440,456	37,881,357
2013	474,710	1,452,666	38,239,207
2014	477,613	1,465,654	38,567,459
2015	482,110	1,481,803	38,907,642
2016	485,683	1,495,297	39,255,883

<sup>(1)</sup> As of January 1 of the respective year.

Source: California State Department of Finance.

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**Employment** The District is within the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area Labor Market (Sacramento County) reported periodically by the State Employment Development Department.

The following tables set forth the status of wage and salary employment in the County in calendar years 2011 through 2015, and the status of employment in the City in calendar years 2011 through 2015.

**TABLE B-2**  
**Labor Force and Employment in Sacramento County<sup>(1)</sup>**  
**For Years 2011 through 2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civilian Labor Force <sup>(2)</sup>	680,000	682,300	681,900	683,000	689,000
Employment	597,700	610,600	621,400	633,300	647,600
Unemployment	82,300	71,700	60,500	49,800	41,400
Unemployment Rate <sup>(3)</sup>	12.1%	10.5%	8.9%	7.3%	6.0%
Industry Employment <sup>(4)</sup>					
Farm	2,500	2,600	2,600	2,600	2,600
Mining and Logging	200	200	200	200	200
Construction	22,600	23,600	27,100	28,500	30,700
Manufacturing	20,400	21,100	20,900	21,300	20,900
Trade, Transportation and Utilities	82,700	86,400	87,200	87,500	90,400
Information	12,600	11,800	11,000	10,200	10,100
Financial Activities	30,600	31,300	31,500	31,200	32,800
Professional and Business Services	78,300	83,900	86,100	88,100	87,800
Educational and Health Services	87,000	88,400	91,200	93,300	98,500
Leisure and Hospitality	49,500	51,300	53,700	56,000	58,200
Other Services	19,700	19,600	19,600	20,300	20,700
Government	159,900	156,400	156,700	160,700	162,700
Total	<u>566,000</u>	<u>576,600</u>	<u>587,800</u>	<u>599,900</u>	<u>615,600</u>

<sup>(1)</sup> Total may not equal sum of components due to rounding. All information updated per March 2013 Benchmark.

<sup>(2)</sup> Based on place of residence.

<sup>(3)</sup> The State Employment Development Department has reported an unemployment rate (not seasonally adjusted) within the County of 5.2% for April 2016.

<sup>(4)</sup> Based on place of work.

Source: State Employment Development Department, Labor Market Information Division.

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**TABLE B-3**  
**Labor Force and Employment in the City of Sacramento<sup>(1)</sup>**  
**For Years 2011 through 2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civilian Labor Force <sup>(2)</sup>	226,900	227,300	226,700	226,400	228,200
Employment	197,900	202,100	205,500	209,000	213,700
Unemployment	28,900	25,200	21,200	17,400	14,500
Unemployment Rate <sup>(3)</sup>	12.8%	11.1%	9.4%	7.7%	6.4%

<sup>(1)</sup> Total may not equal sum of components due to rounding. All information updated per March 2013 Benchmark.

<sup>(2)</sup> Based on place of residence.

<sup>(3)</sup> The State Employment Development Department has reported an unemployment rate (not seasonally adjusted) within the City of 5.5% for April 2016.

Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth taxable transactions in the City for calendar years 2010 through 2013 and through the third quarter of 2014.

**TABLE B-4**  
**City of Sacramento**  
**Taxable Transactions<sup>(1)</sup>**  
**2010 through 2013 and Third Quarter 2014<sup>(2)</sup>**  
**(\$ in thousands)**

<u>Type of Business</u>	<u>2010 Annual</u>	<u>2011 Annual</u>	<u>2012 Annual</u>	<u>2013 Annual</u>	<u>2014 Third Quarter</u>
Motor Vehicle and Parts Dealers	\$ 259,294	\$ 282,738	\$ 338,082	\$388,898	\$304,370
Home Furnishings and Appliance Stores	232,782	223,797	203,543	203,675	183,437
Building Materials and Garden Equipment and Supplies	249,593	304,603	258,469	303,311	227,528
Food and Beverage Stores	282,078	291,616	295,149	299,456	231,860
Gasoline Stations	484,980	574,763	612,199	599,365	455,019
Clothing and Clothing Accessories Stores	319,555	331,037	339,108	340,610	231,953
General Merchandise Stores <sup>(3)</sup>	484,713	500,631	504,732	513,841	346,533
Food Services and Drinking Places	687,669	718,749	762,531	796,733	629,024
Other Retail Group <sup>(3)</sup>	455,716	475,042	487,314	506,059	369,108
Total Retail and Food Services	\$3,456,380	\$3,702,978	\$3,801,126	\$3,951,948	\$2,978,832
All Other Outlets	\$1,491,067	\$1,588,997	\$1,670,192	\$1,752,173	\$1,377,794
<b>TOTAL ALL OUTLETS</b>	<b>\$4,947,448</b>	<b>\$5,291,975</b>	<b>\$5,471,319</b>	<b>\$5,704,121</b>	<b>\$4,356,626</b>

<sup>(1)</sup> Total may not equal sum of components due to rounding.

<sup>(2)</sup> Figures for 2014 are through the third quarter only. Annual figures are not available for 2014.

<sup>(3)</sup> Industry data for General Merchandise Stores was included in Other Retail Group.

Source: California State Board of Equalization, Taxable Sales in California.

## Major County Employers

The economic base of the County is diverse with no one sector being dominant. The top twenty-five (25) employers in the County are set forth in the following table.

**TABLE B-5**  
**County of Sacramento**  
**Major Employers**

**[TO BE UPDATED]**

<b>Employer</b>	<b>Industry</b>	<b>Employees</b>
State of California	State Government	69,469 <sup>(1)(2)</sup>
Sacramento County	County Government	10,634
UC Davis Health System	Healthcare	9,985
Sutter Health Sacramento Sierra Region	Healthcare	6,507
Intel Corp.	Research/Develop Chips/Chipsets	6,000
Dignity Health	Healthcare	5,756
United States Government	Federal Government	5,750
Kaiser Permanente	Healthcare	5,696
Elk Grove Unified School District	Public School District	5,535 <sup>(2)</sup>
San Juan Unified School District	Public School District	4,700
City of Sacramento	City Government	3,831 <sup>(2)</sup>
Raley's Family of Fine Stores	Retail Grocery Chain	3,592
Sacramento City Unified School District	Public School District	3,320 <sup>(2)</sup>
Los Rios Community College District	Community College District	3,147
California State University, Sacramento	University	3,023
Health Net of California	Healthcare	2,305
VSP Global	Vision Insurance	2,223
Wells Fargo & Co.	Financial Services	2,189
Folsom Cordova Unified School District	Public School District	1,850
Sacramento Municipal Utility District	Electric Utility	1,836
Apple Inc.	Computers and Related Products	1,800
GenCorp. Inc.	Aerospace and Defense	1,783
Sacramento Veterans Affairs Med Center	Healthcare	1,365
Delta Dental of California	Dental Insurance	1,190
Pacific Gas & Electric Co.	Gas and Electric Utility	1,037

<sup>(1)</sup> Includes full-time intermittent employees.

<sup>(2)</sup> Does not include substitutes, part-time, temporary or seasonal employees.

Source: Sacramento Business Journal, Sacramento County Employers, July 26, 2013.

## APPENDIX C

### DISTRICT INFORMATION

*The information in this Appendix C concerning the operations of the Center Joint Unified School District (the "District") provides investors with certain information pertaining to the District's finances. Investors must read the entire Official Statement, including this Appendix C, to obtain information essential to making an informed investment decision. The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County of Sacramento (the "County") or of the General Fund of the District (the "General Fund"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.*

#### Introduction

The District was established as a school district in 1858 and became a unified school district in 1980. The District is located in the unincorporated portions of Sacramento and Placer Counties and serves the communities of Antelope and Roseville.

The District encompasses approximately 20.5 square miles serving approximately 4500 students. The District currently operates 4 elementary schools, 1 middle school and 2 high schools. The District employs 258 teachers. The current student-teacher ratio in the District is 24:1 in grades K-3, 30:1 in grades 4-5, 30:1 in grades 6-8, and 30:1 in grades 9-12.

#### Board of Trustees

The District is governed by a five member Board of Trustees, whose members are elected to four-year terms. The terms are staggered on two-year intervals to provide continuity of governance. Members appointed by a majority of the Board of Trustees serve until the next scheduled election, at which time the voters elect a person to serve the remaining years of the term.

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Delrae Pope	President	2016
Kelly Kelley	Board Representative	2018
Nancy Anderson	Clerk	2016
Jeremy Hunt	Member	2018
Donald Wilson	Member	2018

#### Superintendent and Administrative Personnel

The Superintendent of the District is appointed by and reports to the Board of Trustees. The Superintendent is responsible for management of the District's daytoday operations and supervises the work of other District administrators. The names and backgrounds of the Superintendent and other key administrative personnel are set forth below:

Scott A. Loehr, Superintendent – Scott A. Loehr has worked in the Center Joint Unified School District since 1996 when he became a teacher at Oak Hill Elementary. After teaching for years, Mr. Loehr became an Academic Coach at the district level. Shortly after that, Mr. Loehr was appointed to the position of Vice Principal of Arthur Dudley Elementary School and ultimately became the principal. After leaving Arthur Dudley, Mr. Loehr assumed the role of Assistant Superintendent for Center Joint Unified School District. He held this position until July of 2009 when he was appointed to the position of

Superintendent for the district. Mr. Loehr achieved a B.A. in Liberal Studies from CSU, Chico and has a M.A. in Educational Administration from National University. Mr. Loehr also maintains a valid Clear California Teaching Credential and a valid Clear Professional Administrative Services Credential.

*Craig Deason, Assistant Superintendent* - Craig Deason has worked in various teaching and administrative capacities since joining Center Joint Unified School District in 1985. Prior to becoming the Assistant Superintendent in September, 2006, Craig had the opportunity to serve as elementary teacher, science specialist, technology specialist, and Vice Principal at two elementary school sites. Craig's educational achievements include a B.A. in Liberal Studies, California Polytechnic State University, San Luis Obispo, a Clear Professional Administrative Services Credential and a M.A. in Leadership and policy studies from California State University, Sacramento, as well as a Clear California Teaching Credential.

### **District Budget**

*General.* State law requires that each school district maintain a balanced budget in each fiscal year, and that each district project beginning balances, revenues, expenditures, and ending balances for two subsequent years in order to provide, based upon the available information, that the district can project a positive, qualified or negative certification. See “– State Financial Accountability and Oversight Provisions” herein.

The CDE imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board using a single adoption process must file with the county superintendent of schools (a “County Superintendent”) a budget by June 30 immediately prior to each fiscal year. A school district using a dual adoption process must file a provisional budget with the County Superintendent by June 30 immediately prior to each fiscal year and revise and re-adopt a budget by September 8 of each fiscal year. After approval of the budget, the school district’s administration may submit budget revisions for governing board approval during the fiscal year. The District currently uses a single adoption process.

School districts in the State must also conduct a review of their budgets according to certain standards and criteria established by the CDE. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The school district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the school district’s county office of education. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls, unless sufficient balances exist to cover the shortfall.

Furthermore, county offices of education are required to review school district budgets, complete a budget review checklist, and conduct an analysis of any budget item that does not meet the established standards and criteria. In addition, county offices of education are required to determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. Pursuant to the Education Code of the State (the “Education Code”), on or before August 15 of each year, the County Superintendent must approve, conditionally approve, or disapprove the adopted budget for each school district. A copy of the completed checklist, together with any comments or recommendations, must be provided to the school district and its governing board by November 1 of such year.



If the county office of education disapproves the school district's budget, the County Superintendent will submit to the governing board of the school district on or before August 15 of such year recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the County Superintendent can conditionally approve that budget. On or before September 8 of each year, the governing board of the school district must adopt a revised budget reflecting changes in its projected income or expenditures subsequent to July 1, and including any response to the recommendations of the County Superintendent, and must file the revised budget with the County Superintendent. If the County Superintendent disapproves the revised budget, he or she will call for the formation of a budget review committee. By November 30 of each year, every school district must have an adopted and approved budget, or the County Superintendent will impose a budget and report such school district to the Legislature of the State ("State Legislature") and the State Director of Finance.

***Fiscal Year 2016-17 District Budget.*** The District Board adopted the District's budget for Fiscal Year 2016-17 on June 8, 2016 (the "Fiscal Year 2016-17 District Budget") and submitted the Fiscal Year 2016-17 District Budget to Sacramento County Office of Education ("SCOE") in a timely manner for review.

The Fiscal Year 2016-17 District Budget projected a General Fund beginning balance of \$4,134,821 million, revenues of \$44,769,596 million, total estimated expenditures of \$43,481,955.85 million and an ending balance of \$5,128,347 million. The District's average daily attendance ("ADA") is 4,239 for Fiscal Year 2015-16 and is projected to be 4,269 for Fiscal Year 2016-17.

The Fiscal Year 2016-17 District Budget projects reserve levels of the General Fund of 3% in each of fiscal years 2015-16, 2016-17 and 2017-18.

The following Table C-1 summarizes the District's adopted budget for the General Fund, inclusive of Regular and Special Fund programs, for fiscal years 2013-14 through 2015-16, audited actuals for fiscal years 2013-14 through 2014-15, and second interim report for fiscal year 2015-16.

**TABLE C-1**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Adopted General Fund Budget and Statement of Changes in Fund Balance, Revenues, and Expenditures**

<b>REVENUES</b>	<b>2013-14 Adopted Budget</b>	<b>2013-14 Audited Actuals</b>	<b>2014-15 Adopted Budget</b>	<b>2014-15 Audited Actuals</b>	<b>2015-16 Adopted Budget</b>	<b>2015-16 Second Interim</b>
Revenue Limit/LCFF Sources	\$23,736,187	\$29,416,357	\$31,333,861	\$32,373,896	\$34,056,076.00	\$35,900,555.00
Federal Sources	\$2,514,592	2,583,787	2,429,718	2,534,456	2,679,408.00	2,844,829.00
Other State Sources	\$4,936,381	2,625,900	1,465,090	2,872,812	1,463,299.00	3,814,527.82
Other Local Sources	\$2,763,086	2,085,497	2,002,604	2,263,125	2,272,604.00	2,308,939.00
<b>TOTAL REVENUES<sup>a)</sup></b>	<b>\$33,950,246</b>	<b>\$36,711,541</b>	<b>\$37,231,273</b>	<b>\$40,044,289</b>	<b>\$40,471,387.00</b>	<b>\$44,871,850.82</b>
<b>EXPENDITURES</b>						
Certificated Salaries	17,243,544	17,898,912	18,031,734	18,459,171	18,741,907.00	20,000,356.00
Classified Salaries	5,896,085	6,250,543	6,110,438	6,559,745	6,379,595.00	6,335,693.00
Employee Benefits	6,807,360	6,965,325	7,307,767	8,132,629	7,668,993.55	8,182,525.55
Books & Supplies	879,621	1,767,468	1,420,406	1,476,012	2,214,920.00	2,559,263.32
Services & Other Operating Expenses	3,918,680	4,077,251	4,510,444	4,275,204	4,605,684.00	5,138,782.18
Capital Outlay	0	17,487	0	260,007	0.00	4,400.00
Other Outgo	233,110	323,677	234,060	345,967	239,060.00	226,060.00
Transfers of Direct Support/Indirect Costs	(82,184)	61,255	(53,619)	(61,295)	(50,458.00)	(37,274.00)
<b>TOTAL EXPENDITURES<sup>a)</sup></b>	<b>\$4,896,216.36</b>	<b>\$7,361,918</b>	<b>\$7,561,230</b>	<b>\$9,569,990</b>	<b>\$9,799,701.55</b>	<b>\$12,944,826.05</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(945,970)</b>	<b>(650,377)</b>	<b>(329,957)</b>	<b>474,299</b>	<b>671,685.45</b>	<b>1,927,024.77</b>
<b>OTHER FINANCING SOURCES/(USES)</b>						
Operating Transfers In	0	30,639	0	-	-	-
Operating Transfers Out	172,048	76,051	(193,051)	(1,973)	(281,978)	(281,975)
Contributions	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES/(USES)<sup>a)</sup></b>	<b>(172,048)</b>	<b>(45,412)</b>	<b>(193,051)</b>	<b>(1,973)</b>	<b>(281,978)</b>	<b>(281,975)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES, NET OF OTHER FINANCIAL SOURCES (USES)</b>	<b>\$(1,118,018)</b>	<b>\$(695,789)</b>	<b>\$(523,008)</b>	<b>\$472,326</b>	<b>\$389,707</b>	<b>\$2,654,155</b>
<b>Fund Balance as of July 1</b>	<b>\$3,653,468</b>	<b>\$6,901,057</b>	<b>\$2,724,927</b>	<b>\$6,205,262</b>	<b>\$2,105,475</b>	<b>\$2,838,016</b>
<b>Fund Balance as of June 30</b>	<b>\$2,535,450</b>	<b>\$6,205,262</b>	<b>\$2,201,919</b>	<b>\$6,677,588</b>	<b>\$2,495,182</b>	<b>\$4,279,878</b>

Totals may not equal sum of components due to rounding.  
Source: Center Joint Unified School District.

## **State Financial Accountability and Oversight Provisions**

State Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for public school districts, enhancing the authority of the offices of the County Superintendents and establishing guidelines for emergency State aid apportionments. State Assembly Bill 2756 ("A.B. 2756"), effective June 21, 2004, revised the existing provisions of A.B. 1200 and imposed additional financial accountability and oversight requirements on public school districts. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the two subsequent fiscal years. A positive certification is assigned to any school district that, based on then-current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that, based on then-current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district, based on then-current projections, which may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Under the provisions of A.B. 2756, for school districts that are certified as qualified or negative, the County Superintendent is required to report to the State Superintendent of Public Instruction on the financial condition of the school district and his or her proposed remedial actions and to take all actions that are necessary to ensure that the school district meets its financial obligations. The county office of education reviews the interim reports and certifications made by school districts and may change a certification to qualified or negative if necessary. If a school district has a qualified or negative certification report in any year, the school district may not issue non-voter-approved debt instruments in that fiscal year or in the next succeeding fiscal year, unless the county office of education, using criteria from the State Superintendent of Public Instruction, determines repayment is probable.

The District has not had an adopted budget disapproved by the County Superintendent in the last [ ] years. In the last five years, the District received a qualified certification in fiscal year 2012-13 and 2011-12 in connection with its first interim report and its second interim report. The District has not received a qualified certification since fiscal year 2012-13.

## **Significant Accounting Policies, System of Accounts and Audited Financial Statements**

The CDE imposes uniform financial reporting and budgeting requirements for K12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The District's General Fund is the chief operating fund of the District. For a description of the other major funds of the District, see the description thereof contained in APPENDIX D – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15." Note 1 to such audited financial statements sets forth significant accounting policies that the District follows. The District is required to file its audit report for the preceding fiscal year with the State Controller's Office, the CDE and the SCOE by December 15.

In addition to the significant accounting policies set forth in the District's audited financial statements for the fiscal year 2014-15 included in APPENDIX D, the District has implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact, (ii) restricted fund balance which includes amounts constrained to specific purposes

by their providers, through constitutional provisions or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the General Fund.

Goodell, Porter, Sanchez & Bright, LLP, Sacramento, California, served as independent auditor (the "Independent Auditor") to the District for its audited financial statements for Fiscal Year 2014-15. See APPENDIX D – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15" attached to this Official Statement. In connection with the inclusion of the financial statements and the report of the Independent Auditor thereon in APPENDIX D to this Official Statement, the District did not request the Independent Auditor to, and the Independent Auditor has not undertaken to, update its report or take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to the date of its report.

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The following Table C-2 sets forth the District's General Fund revenues, expenditures and changes in fund balances for the Fiscal Years 2012-13 through 2014-15.

**TABLE C-2**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**General Fund Revenues, Expenditures and Changes in Fund Balances**  
**Fiscal Years 2012-13 through 2014-15**

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15 <sup>(1)</sup>
<b>REVENUES</b>			
Revenue Limit/LCFF Sources	\$24,551,517	\$29,416,357	\$32,373,896
Federal Sources	2,654,944	2,583,787	2,534,456
Other State Sources	4,877,278	2,625,900	2,872,812
Other Local Sources	2,864,085	2,085,497	2,263,125
<b>TOTAL REVENUES<sup>(1)</sup></b>	<b>\$34,947,824</b>	<b>\$36,711,541</b>	<b>\$40,044,289</b>
<b>EXPENDITURES</b>			
Certificated Salaries	\$16,872,939	17,898,912	18,459,171
Classified Salaries	5,799,460	6,250,543	6,559,745
Employee Benefits	7,027,143	6,965,325	8,132,629
Books & Supplies	771,924	1,767,468	1,476,012
Services & Other Operating Expenses	4,093,469	4,077,251	4,275,204
Capital Outlay	17,613	17,487	260,007
Other Outgo	121,903	323,677	345,967
Debt Service:			
Principal	94,279	-	-
Interest and Fiscal Charges	3,887	-	-
Transfers of Direct Support/Indirect Costs	-	61,255	61,255
<b>TOTAL EXPENDITURES<sup>(1)</sup></b>	<b>\$4,802,617</b>	<b>\$7,361,918</b>	<b>\$9,569,990</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>145,207</b>	<b>(650,377)</b>	<b>474,299</b>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating Transfers In	-	30,639	-
Operating Transfers Out	(70,384)	76,051	(1,973)
Contributions	-	-	-
<b>TOTAL OTHER FINANCING SOURCES/(USES)<sup>(1)</sup></b>	<b>(70,384)</b>	<b>(45,412)</b>	<b>(1,973)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES, NET OF OTHER FINANCIAL SOURCES (USES)</b>	<b>\$74,823</b>	<b>\$(695,789)</b>	<b>\$472,326</b>
<b>Fund Balance as of July 1</b>	<b>\$6,826,228</b>	<b>\$6,901,051</b>	<b>\$6,205,262</b>
<b>Fund Balance as of June 30</b>	<b>\$6,901,051</b>	<b>\$6,205,262</b>	<b>\$2,677,588</b>

<sup>(1)</sup> Totals may not equal sum of components due to rounding.  
Source: Center Joint Unified School District.

### Developer Fees

The District maintains a fund separate and apart from the General Fund to account for developer fees collected by the District. Residential development is assessed a fee of \$[ ] per square foot and a fee of \$[ ] per square foot of commercial/industrial construction. The following Table C3 sets forth the total developer fees collected during fiscal years 2010-11 through 2014-15, and the projected developer fees to be collected during fiscal year 2015-16.

**TABLE C-3**

**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Developer Fees**  
**Fiscal Years 2010-11 through 2015-16**

<u>Fiscal Year</u>	<u>Total Developer Fees Collected</u>
201011	\$0.00
201112	0.00
201213	0.00
201314	26,817.02
2014-15 <sup>(1)</sup>	19,719.12
2015-16 <sup>(2)</sup>	12,500.00

<sup>(1)</sup> As of March 10, 2015.

<sup>(2)</sup> Received.

Source: Center Joint Unified School District.

**District Employees**

**General.** As of June 30, 2016, the District employed 250 certificated employees and 264 classified employees. These employees, except management and some part-time employees, are represented by the bargaining unit as follows. The following Table C-5 sets forth the number of employees represented by and expiration date of the labor agreements with the District's employee bargaining unit. The agreement with the California Teachers Association ("CTA") will expire on June 30, 2016 and the agreement with the California State Employees Association ("CSEA") will expire on June 30, 2018.

**TABLE C-5**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Employee Bargaining Units**

<u>Employee Bargaining Unit</u>	<u>No. of Employees</u>	<u>Contract Expiration Date</u>
California Teachers Association	264	June 30, 2016
California State Employees Association	250	June 30, 2018

Source: Center Joint Unified School District.

**Employment Status Notices.** Pursuant to the Education Code, the District must give written notice to a certificated employee by the March 15 (each, a "March 15 Notice") prior to the commencement of the next school year if such certificated employee is to be released, demoted or reassigned for that school year. If such certificated employee is in a position that requires an administrative or supervisory credential, the District must provide notice to such certificated employee not less than 45 days prior to the effective date of a change in employment status. The District did not issue any employment status notices to certificated, classified or management personnel. In the event the District must lay off a classified employee, the District must give notice to the affected employee not less than 45 days prior to the effective date of layoff.

On March 22, 2012, the State Legislative Analyst's Office (the "LAO") released a report entitled "A Review of the Teacher Layoff Process in California" which provided an overview by the LAO of the existing layoff process in the State, an evaluation of process, and recommendations for improvement. The LAO has recommended that the State modify the notice deadlines to link them with the availability of

State and local fiscal information. Further, the LAO recommended that the State give school districts additional flexibility when making employment decisions beyond seniority. The District cannot predict at this time whether the State Legislature and the Governor will adopt any of the suggestions provided by the LAO or the extent to which such proposals, if adopted, would impact the District's finances or layoff process.

### **Retirement Systems**

*The information set forth below regarding CalSTRS and CalPERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriter or the Financial Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Financial Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below.*

The District currently participates in the California State Teachers' Retirement System ("CalSTRS") and the California Public Employees' Retirement System ("CalPERS"). For additional information regarding the District's pension and retiree health care programs and costs, see the District's financial statements for fiscal year 2014-15 contained in APPENDIX D – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15" attached hereto.

The assets and liabilities of the funds administered by PERS and STRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2014, as fiduciary funds. Both CalPERS and CalSTRS are operated on a statewide basis and, based on publicly available information, both CalSTRS and CalPERS have unfunded liabilities in the tens of billions of dollars. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (CalPERS) or unfunded actuarially accrued liability (CalPERS and CalSTRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the PERS annual financial report and actuarial valuations may be obtained from the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

Unlike typical defined benefit programs, however, neither the STRS employer nor the State contribution rate varies annually to make up funding short-falls or assess credits for actuarial surpluses. However, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS has increased significantly and is expected to continue to increase in the absence of legislation changing required employer or employee contributions. The District is unable to predict what the STRS program liabilities will be in the future, or whether the State Legislature may elect to require the District to make larger contributions in the future.

## **STATE OF CALIFORNIA ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS**

Name of Plan

Excess of Actuarial Value of Assets  
Over Actuarial Accrued Liabilities  
(Unfunded Actuarial Accrued Liability)

Public Employees' Retirement Fund (CalPERS) <sup>(1)</sup>	\$ <sup>(2)</sup>
State Teachers' Retirement Fund Defined Benefit Program (STRS) <sup>(3)</sup>	\$ <sup>(4)</sup>

(1) As of June 30, 2015, the PERS provided pension benefits to [ ] active and inactive program members and [ ] retirees, beneficiaries, and survivors.

(2) Figure as of June 30, 2015; schools portion only.

(3) As of June 30, 2015, the STRS Defined Benefit Program had approximately [ ] active and inactive program members and [ ] benefit recipients.

(4) Figure as of June 30, 2015; schools portion only.

Source: PERS State and Schools Actuarial Valuation and STRS Defined Benefit Program Actuarial Valuation.

***Pension Reform Act of 2013 (Assembly Bill 340).*** On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") which amended various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) and through the STRS website at [www.calstrs.com](http://www.calstrs.com). The references to these internet



websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

**California State Teachers' Retirement System.** CalSTRS is a defined benefit plan that covers all full-time certificated District employees and some classified District employees, which are District employees employed in a position that does not require a teaching credential from the State.

CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

In recent years, the combined employer, employee and State contributions to CalSTRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of CalSTRS has increased significantly. The District is unable to predict what the CalSTRS program liabilities will be in the future.

The following Table C-6 sets forth the District's regular annual contributions to CalSTRS for fiscal years 2012-13 through 2015-16, and the District's projected contribution for fiscal year 2016-17. The District has always paid all required CalSTRS annual contributions.

**TABLE C-6**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Annual Regular CalSTRS Contributions**  
**Fiscal Years 2012-13 through 2015-16**

<u>Fiscal Year</u>	<u>District Contributions</u>
201213	1,391,216
201314	1,430,390
2014-15	1,643,158
2015-16	2,092,204
2016-17 <sup>(1)</sup>	2,651,496

<sup>(1)</sup> Projected.

Source: Center Joint Unified School District.

Assembly Bill ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State Budget, is projected to fund the CalSTRS Defined Benefit Program fully in 32 years through shared contribution increases among the program's three contributors – CalSTRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the CalSTRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

<u>Effective Date</u>	<u>Prior Rate</u>	<u>A.B. 1469 Increases</u>	
		<u>Increase</u>	<u>Total</u>
July 1, 2014	8.25%	0.63%	8.88%

July 1, 2015	8.25	2.48	10.73
July 1, 2016	8.25	4.33	12.58
July 1, 2017	8.25	6.18	14.43
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	9.88	18.13
July 1, 2020	8.25	10.85	19.10

**California Public Employees' Retirement System.** CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make to CalPERS. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

Active plan members are required to contribute 7% (miscellaneous) or 9% (safety) of their monthly salary and the District is required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CalPERS.

The following Table C-7 sets forth the District's regular annual contributions, inclusive of employee contributions paid by the District, to CalPERS for fiscal years 2012-13 through 2015-16 and the District's projected contribution for fiscal year 2016-17. The District has always paid all required CalPERS annual contributions.

**TABLE C-7**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Annual CalPERS Regular Contributions<sup>(1)</sup>**  
**Fiscal Years 2012-13 through 2015-16**

<u>Fiscal Year</u>	<u>District Contributions</u>
201213	
201314	
201415	744,062
201516	802,805
201617 <sup>(2)</sup>	1,041,211
201718 <sup>(2)</sup>	714,131

<sup>(1)</sup> Includes Regular Contributions and employee contributions paid by the District and "PERS Recapture." Pursuant to State law, the State is allowed to recapture the savings corresponding to a lower CalPERS rate by reducing a school district's revenue limit apportionment by the amount of the school district's CalPERS savings in that year.

<sup>(2)</sup> Projected.

Source: Center Joint Unified School District.

At the CalPERS Board of Administration (the "BoA") meeting held on February 18, 2014, the BoA adopted new actuarial assumptions that take into account public employees living longer and an asset allocation mix. To assist in preparing and planning for these changes, the BoA adopted staff's recommendation for school districts to first reflect the change in assumption in fiscal year 2016-17 with the cost spread over twenty years with the increases phased in over the first five years and decreased over the last five years.

CalPERS is operated on a Statewide basis and, based on publicly available information, has unfunded liabilities. The amounts of the pension/award benefit obligation or unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revised existing guidance for the financial reports of most pension plans. The new Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements); (ii) more components of full pension costs being shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates being required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements, which generally would increase expenses; and (v) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15. See APPENDIX D — "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15" for additional information.

#### **Other Post-Employment Benefits**

In addition to employee health care costs, the District provides post-employment health care benefits in accordance with collective bargaining agreements. On June 21, 2004, the Governmental Accounting Standards Board released its Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" ("GASB 45"). GASB 45 establishes standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as "OPEB"). Under GASB 45, governments will be required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees' years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The District's post-employment health benefits fall under GASB 45. GASB 45 reporting requirements for the District became effective during fiscal year 200809.

The core requirement of GASB 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability. The requirements that GASB 45 imposes on the District only affect the District's financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The District's OPEB consists of postemployment benefits of health, prescription drug, dental, and vision coverage for retirees for five years or until the retiree turns age 65, if earlier. Employees who retire from the District may be eligible for OPEB if they are 55 years of age or older, and have served at the District for 20 or more consecutive years. [The District currently funds these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year.]

As of July 1, 2015, the District had zero assets relating to the cost of providing post-employment benefits. The District's unfunded actuarial accrued liability was \$8,282,581. Pursuant to GASB 45, OPEB expense in an amount equal to annual OPEB cost is recognized in government-wide financial statements on an accrual basis. Net OPEB obligations, if any, including amounts associated with under- or over-contributions from governmental funds, are to be displayed as liabilities (or assets) in government-wide financial statements.

The District projects its employer contribution for OPEB as of [\_\_\_\_], would be approximately \$[ ]. Table C-8 below sets forth the District's funding of OPEB for fiscal years 2011-12 through 2015-16, and the projected expenditure for OPEB for fiscal year 2016-17.

**TABLE C-8**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Expenditures for Other Post-Employment Benefits**  
**Fiscal Years 2011-12 through 2016-17**

<u>Fiscal Year</u>	<u>Amount</u>
2011-12	\$
2012-13	
2013-14	
2014-15	
2015-16 <sup>(1)</sup>	
2016-17 <sup>(1)</sup>	

<sup>(1)</sup> Projected.

Sources: Center Joint Unified School District.

Table C-9 below reflects the District's ARC, annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 200910 through 2012-13, and the estimated figures for fiscal year 2013-14.

**TABLE C-9**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Annual Required Contribution, Annual OPEB Cost and Net OPEB Obligation**  
**Fiscal Years 200910 through 2013-14**

<u>Fiscal Year ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$964,986	915,400	14.7%	3,236,271
2014	987,335	924,019	18.2%	3,992,328
2015	1,059,853	964,089	23.3%	4,815,172
2016 <sup>(1)</sup>				

<sup>(1)</sup> Estimated.

Source: Center Joint Unified School District.

The District has reviewed and is expected to continue to review the Postemployment Valuation, in conjunction with the District's obligations under its post-employment benefit plan, to determine, among other things, its course of action with respect to post-employment benefit contributions and what other post-employment benefit liability must be reported. In the opinion of District management, any further increase in the District's unfunded actuarial accrued liability as described in the Postemployment Valuation will not adversely affect the District's ability to pay debt service on its General Fund obligations or general obligation bonds, including the Bonds described in the forepart of this Official Statement, which are payable from *ad valorem* property taxes.

For additional information regarding the District's OPEB, see Note 8 to the District's audited financial statements contained in APPENDIX D – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2014-15" attached to this Official Statement. Information regarding the District's OPEB in this APPENDIX C reflects information as of the Postemployment Valuation.

### **Insurance**

The District maintains insurance with School Insurance Authority of Sacramento County ("SIA"), with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and workers' compensation as the District believes are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for insured claims are adequate.

For additional information regarding SIA, see Note 9 to the District's financial statements contained in APPENDIX D – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2015" to this Official Statement.

### **District Debt**

**General Obligation Bonds.** Pursuant to Sections 15102 and 15268 of the Education Code, the District's bonding capacity for general obligation bonds is 1.25% of taxable property value in the District as shown by the last equalized assessment of the County.

The taxable property value in the District for Fiscal Year 2015-16 is approximately \$1.8 billion. As of June 30, 2015, the District had approximately \$36,102,568 in aggregate principal amount of general obligation bonds outstanding.

The District may not issue general obligation debt without voter approval. The District has issued several series of general obligation bonds pursuant to a \$59,205,525 general obligation bond authorization approved by the 1991 Authorization. The 2016E Bonds are the fifth issue of bonds under the 1991 Authorization. Prior to the issuance of the 2016E Bonds, there is approximately \$15 million of remaining bond capacity that may be issued in connection with the 1991 Authorization.

The following Table C-10 sets forth the general obligation bonds and general obligation refunding bonds issued by the District in connection with the 1991 Authorization prior to the issuance of the Bonds described in the forepart of this Official Statement.

**TABLE C-10**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**1991 Authorization**

<b>Bonds Issued</b>	<b>Initial Aggregate Principal Amount</b>	<b>Outstanding Principal Amount as of June 30, 2016</b>	<b>Date of Issue</b>
<b>1991 Authorization</b>			
Series B	\$ 3,069,796	\$	August 1, 1992
Series C	15,974,099		March 4, 1997
Series D	24,998,234		May 17, 2007
<b>TOTAL</b>	<b><u>\$44,042,129</u></b>	<b><u>\$</u></b>	

Source: Center Joint Unified School District.

**Tax and Revenue Anticipation Notes.** The District has issued tax and revenue anticipation notes to fund shortfalls due to timing differences between receipts and disbursements. The District did not issue any tax and revenue anticipation notes in Fiscal Year 2014-15 and does not anticipate issuing any tax and revenue anticipation notes in Fiscal Year 2015-16.

#### **Future Financings**

Prior to the issuance of the Bonds, the District had approximately \$15 million authorized and unissued general obligation bond authorization remaining under the 1991 Authorization. The issuances of additional series of general obligation bonds will depend upon, among other things, the District's need for funds and the projected assessed valuation within the District. See "DISTRICT FINANCIAL INFORMATION – District Debt – *General Obligation Bonds*" herein. As described in the text of each of the ballots of the 1991 Authorization, the District Board does not guarantee that the respective bonds authorized and issued under the 1991 Authorizations will provide sufficient funds to allow for the completion of all potential projects listed in connection with said measures. The District may issue refunding bonds to refund outstanding general obligation bonds from time to time, depending on market conditions.

The District may, from time to time, approve funding for additional capital projects through the execution and delivery of certificates of participation. In addition, the District may issue tax and revenue anticipation notes to fund the General Fund in the event it projects shortfalls due to timing differences between receipts and disbursements.

### **STATE FUNDING OF EDUCATION**

#### **General**

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment ("State Aid") is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District. See "DISTRICT FINANCIAL INFORMATION" herein.

Historically, approximately 80% of the District's annual General Fund revenues have consisted of payments from or under the control of the State. Payments made to K12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12

schools, college and universities, it does not protect the timing of such payments and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

On June 27, 2013, the State adopted a new method for funding school districts commonly referred to as the “Local Control Funding Formula” (the “LCFF”). The LCFF will be implemented in stages, beginning in fiscal year 2013-14 and will be fully implemented in fiscal year 2020-21. See “– Local Control Funding Formula” below for more information. Prior to adoption of the LCFF, the State used a revenue limit funding system, described below under “– Revenue Limit.”

### **Local Control Funding Formula**

Effective in fiscal year 2013-14, the State established the LCFF, a new system for funding school districts, charter schools and county offices of education. The LCFF replaces the revenue limit funding system, as well as many categorical programs. The LCFF distributes State resources to schools through a guaranteed base funding grant per unit of ADA (a “Base Grant”). The Base Grants per unit of ADA for each grade span are: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. Implementation of the LCFF is expected to take several years, ending in fiscal year 2020-21. An annual transition adjustment is calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. Beginning in fiscal year 2014-15, the Base Grants are adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget.

The Base Grants for grades K-3 are subject to adjustments of 10.4% to cover the costs of class size reduction. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. The Base Grants for grades 9-12 are subject to adjustments of 2.6% for the provision of career technical education.

School districts that serve students of limited English proficiency (“EL” students), students from low-income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated; if the school district has students with both limited English proficiency and eligibility for reduced price meals, for instance, such students will not be duplicated for purposes of determining the additional funding grants. Foster students automatically qualify for free or reduced priced meals. A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold. The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2015-16.

**TABLE C-11**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**  
**Fiscal Years 2012-13 through 2015-16**

Fiscal Year	Average Daily Attendance				Enrollment <sup>(2)</sup>	
	K-3	4-6	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2012-13				4,330		
2013-14				4,258	4,637	
2014-15				4,212	4,533	
2015-16				4,239	4,464	
2016-17 <sup>(3)</sup>				4,269	4,514	

<sup>(1)</sup> Reflects P-2 ADA.

<sup>(2)</sup> As of October report submitted to the California Basic Educational Data System. For purposes of calculating supplemental funding grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2013-14 total enrollment.

<sup>(3)</sup> Projected.

Source: The District.

The LCFF provides for a permanent economic recovery target ("ERT") add-on for school districts that would have received greater funding levels under the revenue limit system. The ERT is equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. The ERT add-on will be paid incrementally over the implementing period of the LCFF.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes.

Beginning July 1, 2014, school districts are required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). County Superintendent of Schools and the State Superintendent of Public Instruction will review and provide support to the districts and county offices of education under their jurisdiction. In addition, the fiscal year 2013-14 State Budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to the district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

## Revenue Limit

School districts in the State have historically received most of their revenues under a formula known as the "revenue limit." Generally, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit



calculations were subject to adjustment to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. The revenue limit system of funding has been replaced by the LCFF. A description of the revenue limit system is included herein as the District has historically received financial assistance from the State pursuant to this method of appropriations.

Each school district's revenue limit, which was funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, was allocated based on the ADA of each school district for either the current or preceding school year. Generally, State Aid to a school district amounted to the difference between the school district's revenue limit and the school district's local property tax allocation from the general 1% *ad valorem* property tax levy. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS" herein.

#### Average Daily Attendance

Table C-12 sets forth the District's revenue limit from fiscal year 2011-12 through fiscal year 2012-13, and the ADA for fiscal years 2013-14, 2014-15 and 2015-16. ADA is reported by school districts each year in April, July and December.

**TABLE C-12**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**K-12 Revenue Limit Per Unit of Average Daily Attendance**  
**Fiscal Years 2010-11 to 2012-13 and**  
**Average Daily Attendance for Fiscal Years 2013-14 through 2015-16**

<u>Fiscal Year</u>	<u>Second Period (P-2) ADA</u>	<u>Funded Base Revenue Limit Per ADA</u>
2011-12	4,442	23,971,926
2012-13	4,380	23,434,675
2013-14	4,258	N/A <sup>(2)</sup>
2014-15	4,212	N/A <sup>(2)</sup>
2015-16	4,239	N/A <sup>(2)</sup>
2016-17 <sup>(1)</sup>	4,269	

<sup>(1)</sup> Projected.

<sup>(2)</sup> The District now receives State funding under the LCFF. The Base Grant in 2013-14 is \$8,416.

Sources: Center Joint Unified School District.

The following Table C-13 sets forth the deficit factor and cost of living adjustment ("COLA") from fiscal years 2009-10 through 2012-13, and the COLA for fiscal year 2013-14:

**TABLE C-13**  
**CENTER JOINT UNIFIED SCHOOL DISTRICT**  
**Deficit Factor and Cost of Living Adjustment**  
**Fiscal Years 2009-10 to 2014-15**

<u>Fiscal Year</u>	<u>Deficit Factor</u>	<u>Cost of Living Adjustment</u>
200910	%	% <sup>(1)</sup>
201011 <sup>(2)</sup>		<sup>(2)</sup>
201112	<sup>(3)</sup>	
201213		

- <sup>(1)</sup> The [ ]% increase of the statutory COLA for Fiscal Year 2009-10 is offset by a deficit factor of [ ]% on the base revenue limit, which results in a net funded COLA of a negative [ ]%.
- <sup>(2)</sup> The [ ]% decrease of the statutory COLA for Fiscal Year 2010-11 is eliminated by the adoption of a deficit factor less than the deficit factor in Fiscal Year 2009-10.
- <sup>(3)</sup> Pursuant to SB 81, the deficit factor for Fiscal Year 2011-12 was increased to 20.602% from 19.754% which was set forth in the 2011-12 State Budget Act.

Source: Center Joint Unified School District.

Proposition 1A (SCA 4) ("Proposition 1A") approved by the voters in November 2004, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of *ad valorem* property tax revenues allocated from the 1% levy to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of *ad valorem* property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provided, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues from the general 1% *ad valorem* property tax levy, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met.

Notwithstanding the aforementioned shifts in property tax revenues in prior years, certain levels of funding are guaranteed as described in "– Proposition 98" below. *Ad valorem* property taxes levied to pay debt service on the District's general obligation bonds are not subject to the shifts described above for *ad valorem* property taxes provided from the 1% levy. Further, the State's ability to initiate future exchanges and shifts of funds may be limited by Proposition 22. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 22" herein.

### Proposition 30

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, and raises taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and will be in effect until the conclusion of the 2018 tax year. The State Office of Legislative Analyst (the "LAO") estimates that, as a result of Proposition 30, additional state tax revenues of about \$6 billion annually from fiscal years 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2017-18, and 2018-19. Proposition 30 also places into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 will also provide additional tax revenues aimed at balancing the State's budget through fiscal year 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for purposes including funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could

complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

### **Charter School Funding**

A charter school is a public school authorized by a school district, county office of education or the State Board. A proposed charter school submits a petition to one of these entities for approval and that petition details the operations of the charter school. State law requires that charter petitions be approved if they comply with the statutory criteria. The District has certain fiscal oversight and other responsibilities with respect to both affiliated and independent charter schools. Affiliated charter schools, if any, would receive their funding from the District and would be included in the District's budgets and audit reports. [On \_\_\_\_\_, the District granted a [\_\_\_\_\_] charter to its first charter school, \_\_\_\_\_ which came into operation in \_\_\_\_\_. As of \_\_\_\_\_, 2016, there are [\_\_\_\_\_] fiscally independent charter schools within the District's boundaries. Fiscally independent charter schools within the District's boundaries receive their funding directly from the State and are not included in the District's audit report and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. ]

Charter schools generally receive funding in three broad categories. Charter schools receive a block grant that is similar to school district revenue limit funding and is based on statewide average revenue limits for school districts within specified ranges of grades. These charter school revenues are deducted from the amount of State Aid a school district is entitled to receive each year. Charter schools also receive a block grant in lieu of many categorical programs. Charter schools may spend these block grants for any educational purpose. The third broad category of funding for charter schools is categorical funds not included in the block grant. A charter school must apply for these funds, program by program, and if received, must spend the funds in accordance with the same program requirements as traditional schools. An increase in the number of independent charter schools within a school district, or of independent charter school students in a school district who had previously been students at a traditional school in that same school district, results in a reduction of the revenue limit and, possibly, program funding for that school district.

### **Proposition 98**

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level and the operation of the State's appropriation limit as described in Article XIII B of the State Constitution, primarily by guaranteeing K14 schools a minimum share of State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), there are currently three tests which determine the minimum level of K14 funding. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS" herein.

Proposition 98 permits the State Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K14 schools' minimum funding formula for a one-year period. The amount of suspension is eventually repaid according to a specified State Constitutional formula, thereby restoring Proposition 98 funding to the level that would have been required in the absence of such suspension. The fiscal year 200405 State Budget Act suspended the Proposition 98 minimum guarantee for fiscal year 200405; however, the suspended amount was fully paid in fiscal year 200506. The Proposition 98 minimum guarantee was fully funded for fiscal years 200506 through 200910. The State's

fiscal year 201011 State Budget Act suspended the Proposition 98 minimum guarantee in fiscal year 201011.

### **Litigation Regarding State Budgetary and Fiscal Actions**

On May 20, 2010, more than 60 individual students and their respective families, nine school districts within the State, the California Congress of Parents Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.*, (the “Robles Complaint”) in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State’s current system of funding public education is not designed to support the core education program required by the State and that the State has failed to meet its duties under the State Constitution to keep up and support a “system of common schools.” The Robles Complaint further alleges that the State does not provide and sufficiently fund an educational finance system that is intentionally, rationally, and demonstrably aligned with the goals and objectives of the State’s prescribed educational program and the costs of ensuring that all children of all needs have the opportunity to become proficient in accordance with the State’s academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program and direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. The District is not listed as a party in the Robles Complaint. The Superior Court sustained the State’s demurrer with leave to amend. The plaintiffs are still appealing.

On July 13, 2010, 18 individual students and their respective families, three taxpayer citizens, the Campaign for Quality Education, the Alliance of Californians for Community Empowerment, Californians for Justice and the San Francisco Organizing Project filed a complaint for declaratory and injunctive relief, entitled *Campaign for Quality Education, et al., v. State of California and Arnold Schwarzenegger, Governor of the State of California*, (the “CQE Complaint”) in the Alameda County Superior Court. The CQE Complaint alleges, among other things, that the State has violated its constitutional duties by failing to provide the individual plaintiffs’ school districts with sufficient funds and that the State has failed to adopt policies to enable the districts to ensure that the individual plaintiffs and students of the districts have access to a meaningful education. The CQE Complaint further alleges that the State has violated the constitutional guarantees of equal protection under the State Constitution by failing to fulfill its constitutionally mandated duties to maintain a school finance system that allocates funds sufficient to provide students in the individual plaintiffs’ school districts with a meaningful education and to first set apart and provide those funds to the public school system. The CQE Complaint requests that the court issue a declaratory judgment that the State has failed to adhere to its constitutional duties relating to the system of education, and provide injunctive relief as necessary to achieve compliance with the State Constitution. The District is not listed as a party in the CQE Complaint. The Superior Court sustained the State’s demurrer with leave to amend. The plaintiffs are still appealing.

The District cannot predict whether any party listed in the Robles Complaint or the CQE Complaint will be successful, and if so, how any final court decision with respect to either lawsuit would affect the financial status of the District, as the nature of any court’s remedy and the responses of the State Legislature and the Governor are unknown.

### **Litigation Regarding Teacher Layoff Procedures in the State**

A complaint declaratory and injunctive relief was filed on May 14, 2012 entitled *Vergara, et al. v. State of California, et al.* (the “*Vergara* Litigation”) in the Los Angeles County Superior Court. The plaintiffs, who are public school and public charter school students in the State, allege that the hiring and

continued employment of grossly ineffective teachers in the State public school system is the direct result of the continued enforcement of Education Code Sections 44929.21(b), 44934, 44938(b)(1), 44938(b)(2), 44944 and 44955 (collectively, the "Challenged Statutes"). The plaintiffs alleged that the continued enforcement of the Challenged Statutes causes negative impacts on students' education, infringe upon California students' right to education and cause disparate impacts from classroom to classroom and school to school. Further, the plaintiffs allege that the Challenged Statutes prevent administrators from making employment and dismissal decisions that benefit students due to, among other things, the cost to terminate ineffective teachers, the difficulty, complexity, and length of time associated with the removal process and the seniority basis of the layoff system. In June 2014, the Superior Court of the State of California issued a tentative decision, and in August 2014 issued a judgment, which held that the provisions of the Challenged Statutes with respect to permanent employment, teacher dismissal, and the process pursuant to which the last-hired teacher is the first to be fired when layoffs occur violate the equal protection clause of the State Constitution. In addition, the Superior Court held that the Challenged Statutes disproportionately affect poor and minority students. The Superior Court stayed the injunction of the Challenged Statutes pending appellate review. The District is not a party in the *Vergara* Litigation. The District cannot predict the outcome of or remedy imposed by any appellate review with respect to the Challenged Statutes, how any final court decision with respect to the *Vergara* Litigation would affect the financial status of the District, or the responses, if any, of the State Legislature and the Governor. However, the District does not expect any decisions or change in law to adversely affect the ability of the District to pay the principal of and interest of the Bonds as and when due.

#### **Litigation Regarding Redevelopment Agency Revenues and Education Expenditures**

In connection with Assembly Bill 26 and Assembly Bill 27 of the 2010-11 First Extraordinary Session ("AB1X 26"), the State required redevelopment agencies to cease operations and provided an alternative for communities to continue certain redevelopment practices. Upon the dissolution of such redevelopment agencies, the State required any property taxes that would have been allocated to redevelopment agencies to be allocated to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies, with remaining balances to be allocated in accordance with applicable constitutional and statutory provisions.

In *California Redevelopment Association, et al. v. Matosantos, et al.* (California Supreme Court, Case No. S194861), the California Supreme Court upheld the validity of legislation ("ABx1 26") dissolving all local Redevelopment Agencies ("RDAs").

There are over 100 pending actions that challenge implementation of the statutory process for winding down the affairs of the RDAs, asserting a variety of claims including constitutional claims. Some of the pending cases challenge AB 1484, which requires successor agencies to the former RDAs to remit by July 2012 certain property tax revenues for fiscal year 2011-12 that the successor agency had received, or face a penalty. Some cases challenge other provisions in ABx1 26 or AB 1484 that require successor agencies to remit various funds of former RDAs. Other cases challenge the implementation of ABx1 26, contending that various obligations incurred by the RDAs are enforceable obligations entitled to payment from tax revenues under ABx1 26.

#### **State Budget**

**General.** The District's operating income consists primarily of three components, which include the State Aid portion funded from the State General Fund and a locally generated portion derived from the District's share of the general 1% *ad valorem* property tax levy authorized by the State Constitution. In addition, school districts, such as the District, may be eligible for other special categorical funding, including State and federal programs. Currently, the District receives approximately 87% of its General

Fund revenues from funds of or controlled by the State. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

The following description of the State's budget has been obtained from publicly available information which the District believes to be reliable. However, the District, the Financial Advisor and the Underwriter do not guarantee the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including [www.dof.ca.gov](http://www.dof.ca.gov). These websites are not incorporated herein by reference and the District, the Financial Advisor and the Underwriter do not make any representation as to the accuracy of the information provided therein.

***The State Budget Process.*** The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor. In certain recent years, the State's final budget has not been timely adopted.

Under State law, the annual Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the State Legislature. Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K14 education) must be approved by a two-thirds majority vote in each house of the State Legislature and be signed by the Governor. Bills containing K14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse. See "— State Funding of Schools Without a State Budget" below for a description of payments of appropriations during a budget impasse.

***Fiscal Year 2015-16 State Budget.*** On June 24, 2015, Governor Brown signed the fiscal year 2015-16 State Budget Act (the "2015-16 State Budget"). The 2015-16 State Budget includes approximately \$117.5 billion in State General Fund resources (including revenues, transfers and the prior year ending balance) and approximately \$115.4 billion in planned State General Fund expenditures. By the end of the 2015-16 fiscal year, the Budget Stabilization Account will have a total balance of \$3.5 billion. The 2015-16 State Budget includes an approximately 0.8% percent State General Fund spending increase from the fiscal year 2014-15 State Budget Act (the "2014-15 State Budget").

The 2015-16 State Budget includes Proposition 98 funding of \$68.4 billion for the fiscal year, which is approximately \$7.6 billion more in Proposition 98 funding than in the 2014-15 State Budget. When combined with increases of \$6.1 billion in fiscal years 2013-14 and 2014-15 as well as other one-time savings and adjustments in those years, the 2015-16 State Budget provides a \$14.4 billion increased investment in K-14 education.

The 2015-16 State Budget includes the following significant adjustments affecting California K-12 school districts:

- **Local Control Funding Formula** – An increase of \$6 billion Proposition 98 General Fund to continue the State’s transition to the LCFF. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will close the remaining funding implementation gap by more than 51 percent.
- **Career Technical Education** – The 2015-16 State Budget establishes the Career Technical Education (“CTE”) Incentive Grant Program and provides \$400 million, \$300 million, and \$200 million Proposition 98 General Fund in fiscal year 2015-16, fiscal year 2016-17, and fiscal year 2017-18, respectively, for local education agencies to establish new or expand high-quality CTE programs. School districts, county offices of education, and charter schools receiving funding under this program will be required to provide local-to-State matching funds of 1:1 in fiscal year 2015-16, 1.5:1 in fiscal year 2016-17, and 2:1 in fiscal year 2017-18. When determining grant recipients, the Department of Education and the State Board of Education will give priority to grant recipients that: (1) are establishing new programs; (2) serve a large number of English-learner, low-income, or foster youth students; (3) serve pupil groups with higher-than-average dropout rates; or (4) are located in areas of high unemployment.
- **Educator Support** – An increase of \$500 million one-time Proposition 98 General Fund for education support. Of this amount, \$490 million is for activities that promote educator quality and effectiveness, including beginning teacher and administrator support and mentoring, support for teachers who have been identified as needing improvement, and professional development that is aligned to the State academic content standards. These funds will be allocated to school districts, county offices of education, charter schools, and State special schools in an equal amount per certificated staff and are available for expenditure over the next three years. Additionally, \$10 million is provided for the K-12 High Speed Network to provide professional development and technical assistance to local educational agencies related to network management.
- **Special Education** – The 2015-16 State Budget includes \$60.1 million in Proposition 98 General Fund funding (\$50.1 million ongoing and \$10 million one-time) to implement selected program changes that improve service delivery and outcomes for all disabled students, with a particular emphasis on early education.
- **K-12 High Speed Internet Access** – An increase of \$50 million in one-time funding to the Proposition 98 General Fund to support additional investments in internet connectivity and infrastructure. This builds on \$26.7 million in one-time Proposition 98 funding that was provided in the 2014-15 State Budget to assist local educational agencies with securing required internet connectivity and infrastructure to implement the new computer-adaptive tests administered under Common Core.
- **K-12 Deferrals** – The 2015-16 State Budget provides \$897 million in funding to the Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014-15 State Budget.

#### **Governor’s Proposed Fiscal Year 2016-17 State Budget [TO BE REVISED]**

On January 7, 2016, Governor Brown released his proposed fiscal year 2016-17 budget (the “2016-17 Proposed State Budget”). The 2016-17 Proposed State Budget projects general fund revenues in the amount of \$117.5 billion in fiscal year 2015-16 and \$120.6 billion in fiscal year 2016-17. Revenue

for fiscal year 2015-16 is forecast to be \$2.5 billion greater than the 201516 State Budget forecasted amount.

Despite the recent budgetary improvements, the 2016-17 Proposed State Budget acknowledges California's continued year-to-year fluctuations, risks, and cost pressures. The 2016-17 Proposed State Budget observes several specific risks that the State should plan for, including future recessions and the \$72 billion unfunded existing liability for retiree health care benefits.

Under the 2016-17 Proposed State Budget, general fund expenditures for fiscal year 2016-17 are \$122.6 billion (an increase of \$6.5 billion from fiscal year 2015-16 general fund expenditures), of which \$51.2 billion (41.8%) is allocated to K-12 education. The 2016-17 Proposed State Budget provides Proposition 98 funding of \$71.6 billion for fiscal year 2016-17. This funding, combined with more than \$257 million in "settle-up" payments for prior years, proposes an increased investment of \$5.4 billion in K-14 education.

Total per-pupil expenditures from all sources are projected to be \$14,184 in fiscal year 2015-16 and \$14,550 in fiscal year 2016-17 (including funds provided for prior year "settle-up" obligations). Ongoing K-12 Proposition 98 per-pupil expenditures are \$10,591 in fiscal year 2016-17, an increase of \$368 per-pupil over the level provided in fiscal year 2015-16. The 2016-17 Proposed State Budget notes that attendance in public schools grew in fiscal year 2011-12, declined slightly in fiscal year 2012-13, increased again in fiscal year 2013-14, and declined again in Fiscal Year 2014-15. Attendance is projected to decline slightly in fiscal years 2015-16 and 2016-17. For fiscal year 2015-16, the 2016-17 Proposed State Budget estimates K-12 Average Daily Attendance ("ADA") to be 5,976,227, a decrease of 4,486 from Fiscal Year 2014-15. The 2016-17 Proposed State Budget estimates that ADA will drop by 4,935 from the fiscal year 2015-16 level to 5,971,292.

The 2016-17 Proposed State Budget also provides a fourth-year investment of more than \$2.8 billion in the Local Control Funding Formula, which is expected to eliminate almost 50% of the gap between the target funding level and the actual funding level. This would bring total formula implementation to 95%. This investment builds upon the almost \$12.8 billion provided over the last three years.

The 2016-17 Proposed State Budget included the following significant adjustments affecting California K-12 school districts:

- School District Local Control Funding Formula – Additional growth of more than \$2.8 billion in Proposition 98 general funds for school districts and charter schools in fiscal year 2016-17, representing an increase of 5.4 percent.
- One-Time Discretionary Funding – An increase of more than \$1.2 billion in one-time Proposition 98 general funds for school districts, charter schools and county offices of education to use at local discretion. This allocation builds on the more than \$3.6 billion in combined, one-time funding provided over the last two budgets. This provides substantial resources for local schools to support critical investments, such as content standards implementation, technology, professional development, induction programs for beginning teachers and deferred maintenance. All of the funds provided will offset any applicable mandate reimbursement claims for these entities.
- County Offices of Education Local Control Funding Formula – An increase of \$1.7 million Proposition 98 general funds to support a cost-of-living adjustment and ADA changes for the county offices of education.



- **Charter School Growth** – An increase of \$61 million Proposition 98 general funds to support projected charter school ADA growth.
- **Charter School Startup Grants** – An increase of \$20 million one-time Proposition 98 general funds to support operational startup costs for new charter schools in 2016 and 2017, which will help offset the loss of federal funding that was previously available for this purpose.
- **Systems of Learning and Behavioral Supports** – An increase of \$30 million one-time Proposition 98 general fund resources to build upon the \$10 million investment included in the 201516 State Budget for an increased number of local educational agencies to provide academic and behavioral support in a coordinated and systematic way.
- **Special Education** – A decrease of \$15.5 million Proposition 98 general funds to reflect a projected decrease in Special Education ADA.
- **Cost-of-Living Adjustments** – An increase of \$22.9 million Proposition 98 general funds to support a 0.47 percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school districts and charters schools are provided for within the increases for school district Local Control Funding Formula implementation noted above.
- **Local Property Tax Adjustments** – A decrease of \$149.4 million Proposition 98 general funds for school districts and county offices of education in fiscal year 2015-16 as a result of higher offsetting property tax revenues. A decrease of \$1.2 billion in Proposition 98 general funds for school districts and county offices of education in fiscal year 2016-17 as a result of increased offsetting local property tax revenues, principally from the end of the “triple flip.”
- **School District Average Daily Attendance** – A decrease of \$150.1 million in fiscal year 2015-16 for school districts as a result of a decrease in projected ADA from the 201516 State Budget, and a decrease of \$34.1 million in fiscal year 2016-17 for school districts as a result of the further projected decline in ADA for fiscal year 2016-17.
- **Proposition 39** – Proposition 39 was approved in 2012 and increases state corporate tax revenues. For fiscal years 2013-14 through 2017-18, the measure requires half of the increased revenues, up to \$550 million per year, to be used to support energy efficiency. The 2016-17 Proposed State Budget proposes \$365.4 million to support school district and charter school energy efficiency projects in fiscal year 2016-17.
- **Proposition 47** – Proposition 47 was approved in 2014 and reduced the penalties for certain non-serious and non-violent property and drug offenses. It also requires a portion of any resulting state savings to be invested into K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The 2016-17 Proposed State Budget proposes \$7.3 million to support investments aimed at improving outcomes for public school pupils in K-12 by reducing truancy and supporting pupils who are at risk of dropping out of school or are victims of crime, consistent with the provisions of Proposition 47. Because these funds will be expended on direct services and other

instructional support for students, these funds will be counted towards meeting the state's funding obligation under Proposition 98.

#### **Governor's Revised 2016-17 Proposed State Budget [TO BE REVISED]**

On May 13, 2016, the Governor released the May revision (the "May Revision") to his fiscal year 2016-17 Proposed State Budget. The May Revision projects general fund revenues in the amount \$117 billion for fiscal year 2015-16 and \$120 billion in fiscal year 2016-17. State general fund expenditures are expected to be \$115.6 billion for fiscal year 2015-16 and \$122.1 billion for fiscal year 2016-17. The Governor proposes to end fiscal year 2016-17 with a reserve balance of approximately \$8.5 billion, comprised of an approximate balance of \$1.78 billion in the Special Fund for Economic Uncertainties (the "SFEU") and an approximate balance of \$6.7 billion in the Budget Stabilization Account (the "BSA").

Since the release of the fiscal year 2016-17 Proposed State Budget, the State's revenues have lagged expectations and in the coming years, the May Revision projects that the State's commitments will exceed expected revenue. The May Revision acknowledges the declining revenues and reduced capital gains expectations by reducing the contributions to debt payment and deposits to the BSA by \$1.6 billion since January.

As a result of revised revenue estimates that indicate higher prior-year revenues, lower anticipated growth in fiscal year 2015-16, and modest projected growth in fiscal year 2016-17, Proposition 98 funding increased by a total of \$626 million over fiscal years 2014-15 through 2016-17. Proposition 98 funding increased by \$463 million in fiscal year 2014-15, is projected to decrease by \$125 million in fiscal year 2015-16, and then increase by \$288 million in fiscal year 2016-17. The May Revision includes a total funding of \$87.6 billion for all K-12 programs.

For fiscal year 2016-17, the May Revision revises the Proposition 98 funding to \$71.9 billion. Major adjustments made to education funding in the May Revision include the following:

- **Local Property Tax Adjustments** – A decrease of \$196.5 million Proposition 98 general funds in fiscal year 2015-16 and \$211.3 million in fiscal year 2016-17 for school districts, special education local plan areas, and county offices of education as a result of higher offsetting property tax revenues.
- **Special Education Property Tax Adjustment** – An increase of up to \$28.5 million Proposition 98 general fund in fiscal year 2015-16, provided on a contingency basis, for an anticipated shortfall in redevelopment agency property taxes for special education local plan areas. The May Revision related language provides a mechanism to distribute up to \$28.5 million based on a determination of property taxes reported for special education local plan areas as of the second principal apportionment certification in early June.
- **Average Daily Attendance (ADA)** -- The May Revision indicates an increase of \$11.2 million in 2015-16 and a decrease of \$2 million in fiscal year 2016-17 for school districts, charter schools, and county offices of education under the Local Control Funding Formula as a result of an increase in ADA in fiscal year 2014-15 which drives projections for fiscal year 2015-16, and a decrease in ADA for fiscal year 2016-17.
- **Proposition 39** – The California Clean Energy Jobs Act was approved by voters in 2012, and increases state corporate tax revenues. For fiscal year 2013-14 through fiscal year 2017-18, the measure requires half of the increased revenues, up to \$550 million per year,

to be used to support energy efficiency projects. The May Revision increases the amount of energy efficiency funds available to K-12 schools in fiscal year 2016-17 by \$33.3 million to \$398.8 million to reflect increased revenue estimates.

- **Categorical Program Growth** – A decrease of \$5.7 million Proposition 98 general fund for selected categorical programs, based on updated estimates of projected ADA growth.
- **Cost-of-Living Adjustments** – A decrease of \$18.6 million Proposition 98 General Fund to selected categorical programs for fiscal year 2016-17 to reflect a change in the cost-of-living factor from 0.47 percent at the Governor's budget to 0.00 percent at the May Revision.
- **K-12 Mandated Programs Block Grant** – An increase of \$131,000 Proposition 98 general fund to maintain statutory block grant funding rates, assuming 100-percent program participation.

**Additional Information.** Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information presented in these websites is not incorporated by reference in this Official Statement.

**Future State Budgets.** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions, including the current economic downturn, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

#### **State Funding of Schools Without a State Budget**

Although the State Constitution requires that the State Legislature adopt a State Budget by June 15 of the prior fiscal year and that the Governor sign a State Budget by June 30, this deadline has been missed from time to time. Delays in the adoption of a final State budget in any fiscal year could impact the receipt of State funding by the District. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California), et al. (also referred to as *White v. Davis*) ("*Connell*"). The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of State funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the State Legislature, (ii) authorized by a self-executing provision of the State Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the State Constitution – the provision establishing minimum funding of K14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the

minimum funding to be appropriated every budget year but do not appropriate funds. Nevertheless, the State Controller has concluded that the provisions of the Education Code establishing K12 and county office of education revenue limit funding do constitute continuing appropriations enacted by the State Legislature and, therefore, has indicated that State payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K12 categorical programs are not authorized pursuant to a continuing appropriation enacted by the State Legislature and, therefore, cannot be paid during a budget impasse. To the extent the *Connell* decision applies to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate.

The State Supreme Court granted the State Controller's petition for review of the *Connell* case on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court. On May 1, 2003, with respect to the substantive question, the State Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

## **CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO AD VALOREM PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS**

### **Constitutionally Required Funding of Education**

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

### **Article XIII B of the State Constitution**

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

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity

of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for counties in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living for a school district, such as the District, is the percentage change in the ADA of the school district or community college district from the preceding fiscal year, as determined by a method prescribed by the State Legislature.

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

#### **Article XIII C and Article XIII D of the State Constitution**

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

Article XIII D deals with assessments and property related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

## **Proposition 98**

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K12 school districts and community college districts (collectively, "K14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K14 districts are guaranteed the greater of (a) in general, a fixed percent of the State General Fund's revenues ("Test 1"), (b) the amount appropriated to K14 districts in the prior year, adjusted for changes in the cost of living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one half of 1% is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of fiscal year 1988-89, implementing Proposition 98, determined the K14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 34.559% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses of the State Legislature, with the Governor's concurrence, to suspend the K14 districts' minimum funding formula for a one-year period. In the fall of 1989, the State Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K14 districts. In the fall of 2004, the State Legislature and the Governor agreed to suspend the K-14 districts' minimum funding formula set forth pursuant to Proposition 98 in order to address a projected shortfall during fiscal year 2004-05. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K14 districts.

## **Proposition 39**

Proposition 39 ("Proposition 39"), which was approved by California voters in November 2000, provides an alternative method for passage of school facilities bond measures which lowers the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the current 1% limit in order to repay such bonds. The lower 55% vote requirement would apply only to bond issues to be used for construction, rehabilitation, or equipping of school facilities or the acquisition of real property for school facilities. The State Legislature enacted additional legislation which placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a statewide or primary election, a regularly scheduled local election, or a statewide special election (rather than a school district election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed \$25 for a community college district, \$60 for a unified school district, or \$30 for an elementary school or high school district per \$100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen's oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is

required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure. The Measure CV (2010) bond program was authorized pursuant to Proposition 39. The District is in full compliance with all Proposition 39 requirements.

### **Proposition 1A**

Proposition 1A, proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the vehicle license fees rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

### **Proposition 22**

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminated the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increased school and community college district's share of property tax revenues, prohibited the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibited the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO stated that Proposition 22 would prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. However, the California Supreme Court, in *California Redevelopment Association v. Matosantos*, held that the dissolution provisions set forth in AB1X 26 were constitutional and permitted the State to allocate revenues that would have been directed to the redevelopment agencies to make pass-through payments (*i.e.*, payments that such entities would have received under prior law) to local agencies and to successor agencies for retirement of the debts and certain administrative costs of the

redevelopment agencies. See "STATE FUNDING OF EDUCATION – Litigation Regarding Redevelopment Agency Revenues and Education Expenditures" herein.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO stated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow needs. The District does not believe that Proposition 22 will have a significant impact on their respective revenues and expenditures during fiscal year 2015-16.

#### **Future Initiatives**

The foregoing described amendments to the State Constitution and propositions were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted that further affect District revenues or the District's ability to expend revenues.

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**APPENDIX D**  
**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR 2014-15**

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX E CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE DISTRICT AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC") will act as securities depository for the Center Joint Unified School District (the "District") in connection with its General Obligation Bonds, Election of 1991, Series 2016E and General Obligation Refunding Bonds, Series 2016 (collectively, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security will be issued for each maturity within each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE FINANCIAL ADVISOR AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (1) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE FINANCIAL ADVISOR NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SECURITIES.

**APPENDIX F**  
**PROPOSED FORM OF OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2016

Center Joint Unified School District  
8408 Watt Avenue  
Antelope, California 95843

**[TO BE INCLUDED]**

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is entered into as of \_\_\_\_\_, 2016 by Center Joint Unified School District (the "District") for the benefit of the Owners and Beneficial Owners of the Bonds (as hereinafter defined) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of the Center Joint Unified School District General Obligation Bonds, Election of 1991, Series 2016E (the "2016E Bonds") and \$\_\_\_\_\_ aggregate principal amount of its General Obligation Refunding Bonds (the "Refunding Bonds", together with the 2016E Bonds, the "Bonds").

#### WITNESSETH:

**WHEREAS**, pursuant to a resolution of the Board of Trustees of the District, the County of Sacramento (the "County") held an election at which the qualified voters of the District approved the issuance of the Bonds;

**WHEREAS**, the Board of Trustees of the District has adopted a resolution on \_\_\_\_\_, 2016, providing for the issuance of the 2016E Bonds (the "2016E Bonds Resolution"); and

**WHEREAS**, the Board of Trustees of the District has adopted a resolution on \_\_\_\_\_, 2016, providing for the issuance of the Refunding Bonds (the "Refunding Bonds Resolution", and together with the 2016E Bonds Resolution the "Resolution"); and

**WHEREAS**, the Underwriter with respect to the Bonds is required to comply with the provisions of Rule 15c2-12 adopted by the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act").

**NOW THEREFORE**, the District covenants and agrees for the benefit of the Owners and Beneficial Owners of the Bonds as follows:

#### **SECTION 1. Definitions** The following capitalized terms shall have the following meanings:

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bond Register" shall have the meaning provided in the Resolution.

"Disclosure Representative" shall mean the Superintendent of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall initially mean the Superintendent of the District, and upon agreement with a third party, a successor Dissemination Agent designated in writing by the District.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule (defined below). Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, shall mean the Person in whose name the ownership of such Bond is registered on the Bond Register.

“Paying Agent” shall have the meaning provided in the Resolution.

“Person” shall mean an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

**SECTION 2. Purpose of the Disclosure Certificate** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and the Beneficial Owners, and in order to assist the Underwriters in complying with Rule 15c2-12.

**SECTION 3. Provision of Annual Reports** (a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of each fiscal year of the District, commencing with the fiscal year of the District ending June 30, 2016, provide to the MSRB copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). The Annual Report shall be in electronic format and accompanied by identifying information as is prescribed by the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by 15 business days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the contact information and format and identifying information requirements for the MSRB; and

- (ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

**SECTION 4. Content of Annual Reports** The District's Annual Report shall contain the CUSIP numbers of the Bonds and contain or incorporate by reference the following:

(a) Audited Financial Statements of the District prepared in accordance with generally accepted accounting principles for the fiscal year ended (the "Financial Statements"); provided, however, that in the event that such Audited Financial Statements shall not be available, unaudited Financial Statements may be substituted therefor; provided, further, that Audited Financial Statements shall be provided by the District as soon as such Financial Statements become available.

(b) To the extent not included in the Financial Statements of the District, updated information for Tables 2, 3, 4, 5, 6, and 7 of the Official Statement, dated \_\_\_\_\_, 2016 relating to the Bonds (the "Official Statement"), and in Tables C-2 and C-3 of APPENDIX C to the Official Statement, information about the District's Average Daily Attendance for the preceding Fiscal Year and the amount of bonded debt of the District as of the last day of the most recent fiscal year.

(c) If the District has received an updated actuarial report relating to its Other Post-Employment Benefits since the date of the Official Statement or, if more recent, the date of its last Annual Report (the "Updated Actuarial Report"), an update of the information in APPENDIX C to the Official Statement under the heading "THE DISTRICT – DISTRICT FINANCIAL INFORMATION – Other Post-Employment Benefits", all based on the Updated Actuarial Report and only to the extent provided in the Updated Actuarial Report.

(d) To the extent not included in the Financial Statements of the District, the delinquency rate of ad valorem taxes for property located within the District.

**SECTION 5. Reporting of Significant Events** (a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds. The occurrence of any of the following events with respect to the Bonds shall be a Listed Event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bond holders, if material;



- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the District

(Note: For purposes of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

- (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) business day of obtaining actual knowledge at his or her address listed in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and, for any Listed Event that requires the District to determine if such event is material, request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event that requires it to determine if such event would constitute material information, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District obtains knowledge of the occurrence of a Listed Event that does not require it to determine if such event is material or has determined that knowledge of the occurrence of a Listed Event that requires such a determination would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request for a determination of materiality under subsection (b), the District determines that the Listed Event would not be material under applicable federal securities laws,

the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Such notice shall include the CUSIP numbers of the Bonds.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

**SECTION 6. Termination of Reporting Obligation** The District's and the Dissemination Agent's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

**SECTION 7. Dissemination Agent** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent. Upon such discharge, however, a new Dissemination Agent must be appointed within 60 days. The Dissemination Agent may resign by providing 60 days written notice to the District. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Paying Agent shall be the Dissemination Agent. The initial Dissemination Agent shall be the Superintendent of the District.

**SECTION 8. Amendment; Waiver** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that any of the following conditions is satisfied:

- (i) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (ii) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or
- (iii) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a

change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default** In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Underwriter or the Owners of at least 25% of aggregate principal amount of the Bonds then Outstanding, shall), or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, or his or her employees and agents, harmless against any loss, expense and liabilities which he or she may incur arising out of or in the exercise or performance of his or her powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding losses, expenses and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Notices** Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the District:

Center Joint Unified School District  
8408 Watt Avenue  
Antelope, California 95843  
Attn: Superintendent

To the Dissemination Agent:

Center Joint Unified School District  
8408 Watt Avenue  
Antelope, California 95843  
Attn: Superintendent/Dissemination Agent

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

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

**SECTION 14. Governing Law** THIS DISCLOSURE CERTIFICATE SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, the District has caused this Disclosure Certificate to be executed by its proper officer thereunto duly authorized, as of the day and year first above written.

**CENTER JOINT UNIFIED SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Chief Business Official

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

**Name of District:** Center Joint Unified School District

**Name of Bond Issue:** General Obligation Bonds, Election of 1991, Series 2016E and General Obligation Refunding Bonds, Series 2016

**Date of Execution and Delivery:** \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that CENTER JOINT UNIFIED SCHOOL DISTRICT, CALIFORNIA (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of \_\_\_\_\_, 2016, entered into by the District for the benefit of the Owners of the Bonds. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**CENTER JOINT UNIFIED SCHOOL DISTRICT,**  
as Dissemination Agent

By \_\_\_\_\_  
SUPERINTENDENT

cc: Center Joint Unified School District

## APPENDIX H

### SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS

The Director of Finance of the County has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of March 31, 2016, investments in the Treasury Pool were held for local agencies including the County, the District, and other independent and miscellaneous agencies.

Decisions on the investment of funds in the Treasury Pool are made by the County Director of Finance in accordance with established policy. In Sacramento County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Director of Finance and adopted by the Board of Supervisors on an annual basis. The Investment Policy adopted on December 8, 2015, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Public Trust
4. Maximum Rate on Return

The Director of Finance as Treasurer for the District prepares a quarterly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted quarterly to the Board of Supervisors for its review. According to the Investment Report dated March 31, 2016, the book value of the Treasury Pool was approximately \$3,248,908,943 and the corresponding market value was approximately \$3,256,373,500.

An internal controls system for monitoring cash accounting and investment practices is in place. The County Auditor-Controller's Division reconciles its general ledger figures to the Director of Finance's cash and investments on a daily basis. The County Auditor Controller's Division performs similar cash and investment reconciliation on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The following table identifies some of the types of securities held by the Treasury Pool as of March 31, 2016.

<b><u>Type of Investment</u></b>	<b><u>% of Portfolio at Cost</u></b>
U.S. Agency, Treasury & Municipal Notes	47.66%
Washington Supranational Notes	5.22
Commercial Paper	15.17
Certificates of Deposit	29.95
LAIF	2.00
Repurchase Agreements	0.00
Money Market Accounts	0.00

The Board of Supervisors approved the establishment of a County Treasury Oversight Committee (the "Committee") and subsequently confirmed all Committee members nominated by the Director of Finance. The Committee, which meets at least annually, is required to review and monitor for compliance the investment policies prepared by the Director of Finance.

*Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool and neither has made an assessment or investigation of the current County Investment Policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the approval of the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.*

**APPENDIX I**  
**ACCRETED VALUE TABLE**



*Center Joint Unified School District***AGENDA REQUEST FOR:****Dept./Site:** Superintendent**Action Item**   X  **To:** Board of Trustees**Information Item**           **Date:** June 30, 2016**# Attached Pages**           **From:** Scott Loehr, Superintendent**Principal/Administrator Initials:**                     **SUBJECT: Engagement for Bond Counsel Services - Nixon Peabody LLP**

Nixon Peabody has proposed to provide Bond Counsel and Disclosure Counsel services to the District from time to time regarding its Bond issuances under the fee structure outlined in Exhibit A. All the proposed fees are full contingent upon the closing of particular series of Bonds, except for special assignments, as noted on Exhibit A.

**RECOMMENDATION:** The Center Joint Unified School District Board of Trustees approve Engagement for Bond Counsel Services with Nixon Peabody LLP.

Travis C. Gibbs  
Partner  
T (415) 984-8336  
tgibbs@nixonpeabody.com

Graham Beck  
Associate  
T (415) 984-8358  
gbeck@nixonpeabody.com

Nixon Peabody LLP  
One Embarcadero Center, 18th Flc  
San Francisco, CA 94111-3600  
415-984-8200

June 22, 2016

Mr. Scott A. Loehr  
Superintendent  
Center Joint Unified School District  
8408 Watt Avenue  
Antelope, CA 95843

**RE: Engagement for Bond Counsel Services**

Dear Mr. Loehr:

We understand that the Center Joint Unified School District (the "District") is considering an issue of general obligation bonds and general obligation refunding bonds, and may issue additional series of bonds in the future (collectively, the "Bonds"). We are very pleased to be considered for these services and submit herewith our proposal. We understand that the District will issue its Bonds, once approved, on a negotiated sale basis to Piper Jaffray & Co. (the "Underwriter") and that Caldwell Flores Winters, Inc. will act as your financial advisor.

We would propose to provide Bond Counsel and Disclosure Counsel services to the District from time to time regarding its Bond issuances under the fee structure outlined in Exhibit A to this letter. All the proposed fees are fully contingent upon the closing of particular series of Bonds, except for special assignments, as noted on Exhibit A.

The scope of services we would provide includes the preparation of the authorizing resolutions to be taken up by the Board, and as necessary, the County Board of Supervisors, conduct of the related tax due diligence on each matter, review and comment on a bond purchase agreement prepared by or on behalf of the Underwriters, assistance in review of the rating presentation, negotiations, as necessary, with rating agencies and the bond insurer, preparation of the required closing documents and certificates and delivery of an opinion respecting the exclusion of interest on the Bonds (where appropriate) from federal personal income taxation and the exemption from California income taxes. We would expect to participate in at least one Board meeting per issue and in a rating presentation and/or bond insurance presentation, as necessary. We also propose to serve as Disclosure Counsel to the District, in which capacity, we would prepare the preliminary and final official statements respecting each issue of Bonds and would deliver an opinion with respect to compliance with

Rule 10b-5 of the Securities and Exchange Commission. We would coordinate closings at our offices in San Francisco and Los Angeles and would prepare final transcripts of the proceedings.

Additionally, as you are aware, we would be available as needed to consult with the District staff on related matters, including compliance with the Project List restrictions of Proposition 39, and would be available to make presentations to the District's Citizens Oversight Committee.

If approved, this letter would constitute our agreement for the performance of the legal services described above and the charges for these services. Under California Business and Professions Code, Section 6148, we are required to enter into a written agreement for legal services with our clients. The law specifies certain matters that such agreement must address and they are included below. As these are statutory requirements, this letter is of necessity relatively formal.

1. Scope of Engagement. The scope of our engagement is as outlined above. Our client in this engagement will be the District. We will obtain from and share information with District staff and all such information is intended to be protected by the attorney-client privilege. You may limit or expand the scope of our representation from time to time, provided that the scope of engagement will be expanded only upon further written agreement.
2. Conditions. Once you have returned a signed copy of this agreement, this agreement will take effect. Until then, we have no obligation to provide legal services.
3. Term of Engagement. You may terminate our representation at any time upon reasonable notice, and we retain that right as well, subject on our part to applicable rules of professional conduct. Your termination of our services will not affect your responsibility to pay for legal services rendered and charges incurred during the representation. In the event that we have devoted no time to this matter for any three consecutive months, then you agree we may conclude that the engagement as terminated as of the last date on which we performed such services. In the event that we terminate the engagement we will take such steps as are reasonably practicable to protect your interests in this matter. If permission for withdrawal is required by a court, we will promptly apply for such permission and you agree to engage successor counsel to represent you. In the event that our representation is terminated, you agree to pay all invoices thereafter rendered covering the period prior to the termination and covering an orderly transition of the matter. The term of engagement shall be for a period of sixty (60) months, effective June 22, 2016.
4. Conclusion of Representation; Retention and Disposition of Documents. Unless previously terminated, our representation of you will terminate upon our sending you our final invoice for services rendered in this matter. Following such termination, any otherwise non-public information you have supplied to us will be kept

confidential in accordance with applicable rules of professional conduct. Upon request, your papers and property will be available for you to pick up at our office or shipped to you at your expense. Our own files pertaining to the matter, which may include copies of your papers, will be retained by the Firm. You agree that Firm administrative records; time and expense reports; personnel and staffing materials; credit and accounting records; and the documents containing our attorney work product, mental impressions, notes, drafts of documents and legal and factual research, including investigative reports, shall be and remain Firm property and shall not be considered part of your client file. In addition, electronic documents such as our internal e-mails, documents containing or reflecting our internal deliberations or self-evaluations, and our internal data bases shall be and remain Firm property and shall not be considered part of your client file. All such documents retained by the Firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the elimination of storage expenses, we reserve the right to destroy or otherwise dispose of any such documents of other materials retained by us within a reasonable time after the termination of this engagement. In any event, all documents and other materials in our files may be discarded or destroyed, without further notice to you at any time after the seven-year anniversary of the conclusion of this engagement.

5. Post-Engagement Matters. You are engaging the Firm to provide legal services in connection with specific public finance matters. After the closing of one or more of the foregoing transactions, changes may occur in applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after the closing of these matters, or any of them, the Firm has no continuing obligation to advise you with respect to future legal developments. In addition, unless you and the Firm agree in writing to the contrary, we will have no obligation to monitor renewal or notice dates or similar deadlines which may arise from these matters for which we have been engaged.
6. Confidentiality. It is in your best interests to preserve the confidentiality of all communications between us. Your privilege to prevent disclosure of such communications may be jeopardized by disclosing the contents of our communications to third parties.
7. Conflicts. As you can imagine, the Firm represents many other companies and individuals. Many of these clients rely upon the Firm for general representation. It is possible that during the time we are representing you, some of our current or future clients will have disputes or transactions with the District. In addition, the Firm regularly represents many underwriters, credit providers and other municipal market participants in transactions unrelated to those of the District. For example, you should be aware that members of the Firm have represented and will continue to represent one or more of your designated Underwriters. By entering into this agreement, you consent to our representation of those entities on matters entirely

unrelated to transactions for the District. If a conflict should arise in the future, we undertake to notify the District promptly and to seek a waiver if that is necessary; if the District should decline to grant such a waiver, the Firm would withdraw from one of the representations.

8. Client Responsibilities. You agree to pay our statements for services and expenses as provided above and on Exhibit A hereto. In addition, you agree to be candid and cooperative with us and will keep us informed with complete and accurate factual information, documents and other communications relevant to the subject matter of our representation or otherwise reasonably requested by us.
9. Insurance. We will maintain at all times during the term of this agreement appropriate levels of Errors and Omissions Insurance. Our current coverage provides for up to \$75,000,000 per claim and \$150,000,000 in the aggregate.
10. Not a Public Official. You and we agree that the Firm is not a “public official” for purposes of Government Code Sections 87200 *et seq.* We will conduct research and arrive at conclusions with respect to our rendering of services under this agreement independent of the control and direct of the District or any District official, other than normal contract monitoring. In addition, you agree that we possess no authority with respect to any action the District may take (or fail to take) based upon our advice.
11. Firm Announcements. From time to time, the Firm publishes or displays materials discussing completed transactions and other engagements such as “tombstone advertisements” announcing our role in particular transactions. We confirm your consent to our publication or display of such materials in printed, electronic or other media.

If this agreement correctly sets forth your understanding of the scope of legal services to be rendered by the Firm to the District, and if all of the terms set forth herein are satisfactory, then please execute and return the enclosed copy of this agreement to us so that we may be engaged as your counsel. If the scope of services described is incorrect or if the terms set forth are not satisfactory to you, please let us know in order for us to resolve any issues. We appreciate your decision to retain us in these matters and very much look forward to the opportunity to continue to work with you.

Very truly yours,



Travis C. Gibbs  
Partner



Graham Beck  
Associate

APPROVED FOR CENTER JOINT  
UNIFIED SCHOOL DISTRICT:

By \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A**  
**General Obligation Bond Fee Schedule**

Basic Services. The basic Bond Counsel services are described in the attached letter.

Supplemental Services. The Firm does not include in its standard fees services such as the negotiation of interest rate swap agreements, travel to New York or San Francisco to meet with rating agency and bond insurer representatives, validation lawsuits or applications for tax relief before the Internal Revenue Service; however, these and other services are available at our hourly rates, upon your request. This segmentation permits us to keep our base rates as low as possible.

Fee Schedules.

For the Basic Services described above, the Firm proposes the following scheduled fees:

I.      Each Issue of Bonds:                      \$57,500

II.      Disclosure Counsel Services. In the capacity as Disclosure Counsel, the Firm will be charged with preparation of the Preliminary and final Official Statements, preparation of the Continuing Disclosure Agreement which accompanies the latter, and delivery of a 10b-5 opinion respecting the disclosure. We would propose a fixed fee for these services of \$20,000 per transaction, except in the case of BANs, per below.

III.     Refundings. Current refundings of any outstanding issue of Bonds (on which the Firm has previously acted as Bond Counsel) can be done at the above fees, plus a surcharge of \$5,000 for the tax due diligence and related work; advance refundings are charged at the above fees, plus a surcharge of \$7,500, for the supplemental work involved, including delivery of a defeasance opinion.

IV.     Bond Anticipation Notes. As and when the District needs to issue Bond Anticipation Notes, the fixed fee would amount to \$20,000 for Bond Counsel services, plus a Disclosure Counsel fee of \$12,500. A roll-over of an issue of Bond Anticipation Notes would be accomplished at a fixed fee of \$18,500, plus the same Disclosure Counsel fee.

V.      Expenses. Actual expenses incurred in support of the transaction. Expenses on a general obligation bond matter will range from \$1,500 to as much as \$5,000, depending upon the needs of the District, and can be estimated more precisely at the time the District elects to proceed with an issue.

*Fees and expenses are fully contingent and due and payable in full at closing of each transaction.*

# Center Joint Unified School District

**AGENDA REQUEST FOR:**

**Dept./Site:** Facilities & Operations Department

**To:** Board of Trustees

**Action Item** X

**Date:** June 30, 2016

**Information Item**     

**From:** Craig Deason, Assist. Supt.

**# Attached Pages** 21

**Assist. Supt. Initials:**           

**SUBJECT: Agreement with CPM for Facility Needs Assessment and  
Implementation Planning Services for  
Modernization Projects**

Our department would like to contract with CPM to provide needs assessment, professional planning and implementation services for future modernization projects. The scope of their work is covered in the attached agreement. The cost of their services is not to exceed \$446,200.00. The duration of the contract will be June 30, 2016 - December 31, 2017. Furthermore, the Board is requested to recognize Craig Deason, Assistant Superintendent, as the authorized representative with the authority required by the agreement.

**Recommendation:** That the Board of Trustees approves the agreement with CPM for needs assessment, planning and implementation services for future modernization projects and recognizes the assistant superintendent as the district's authorized representative regarding said agreement.



1  
2 **AGREEMENT**  
3  
4

5 **between**  
6  
7

8 **Center Joint Unified School District**  
9

10  
11 **and**  
12

13  
14 **Capital Program Management, Inc.**  
15

16  
17 **for**  
18

19  
20 **Facility Needs Assessment and Implementation Planning Services**  
21 **for Modernization Projects**  
22  
23



33 **DOCUMENTS BOUND HEREWITH**  
34

35 **Agreement Form**  
36

37 **Attachment 1 – CPM Proposal Dated 6/16/16**

**Attachment 2 – DOJ Certification**

Center Joint Unified School District

Agreement for Facility Needs Assessment and  
Implementation Planning Services  
for Modernization Projects

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1 **Center Joint Unified School District**

2  
3 **Agreement for Facility Needs Assessment and Implementation Planning Services**  
4 **for Modernization Projects**  
5  
6  
7

8 THIS AGREEMENT, made in two copies on June 30, 2016 by and between Center Joint  
9 Unified School District, Sacramento County, California, hereinafter called the Owner or District,  
10 and Capital Program Management, Inc., hereinafter called the Program Manager or the PM.  
11

12 The Owner desires to retain the PM to provide Program Management Services for Facility  
13 Needs Assessment and Implementation Planning Services in connection with renovation projects  
14 in the District.  
15  
16

17 **ARTICLE 1: DEFINITIONS**  
18

19 OWNER (District): The Center Joint Unified School District  
20

21 DESIGN PROFESSIONAL (A-E): The organization or individual providing those professional  
22 design services associated with construction, alteration, or repair of real property.  
23

24 PROGRAM MANAGER (PM): The agent appointed by the Owner as the Owner's  
25 representative to provide facility needs assessment and implementation planning services in  
26 connection with renovation projects in the District.  
27  
28

29 **ARTICLE 2: RELATIONSHIP OF THE PARTIES**  
30

31 A. Owner and Program Manager: The Program Manager shall be the Owner's agent in  
32 providing the Program Manager's Services described in Article 3 of this Agreement. The PM and  
33 the Owner shall perform as stated in this Agreement.  
34

35 B. Owner and Design Professional: The Owner shall enter into a separate agreement with  
36 one or more Design Professionals to provide architectural and engineering design for the  
37 projects.  
38

39 C. Relationship of the PM to Other Project Participants: In providing the PM's Services  
40 described in this Agreement, the PM shall endeavor to maintain a working relationship with the  
41 Design Professionals on behalf of the Owner. However, nothing in this Agreement shall be  
42 construed to mean that the PM assumes any of the responsibilities or duties of the Design  
43 Professional. The Design Professionals are solely responsible for the Project design and shall  
44 perform in accordance with the agreement between the Design Professional and the Owner. There

1 are no third party beneficiaries of this Agreement and no one except the parties to this Agreement  
2 may seek to enforce its terms.

3  
4 D. The PM affirms that, to the best of its knowledge, there exists no actual or potential  
5 conflict between family, business, or financial interests of the PM and performance of its Services  
6 under this Agreement. In the event of change in either interests or Services under this  
7 Agreement, the PM affirms that it will raise with the Owner any question regarding possible  
8 conflict of interest which may arise as a result of such change.

9  
10 E. At its sole cost and expense, the PM shall give all notices and comply with all laws,  
11 ordinances, rules, regulations, and lawful orders of any public authority bearing on its operations  
12 in performing its work, including those relating to safety, hazardous materials, and equal  
13 employment opportunities; obtain all permits and licenses necessary for performance of its  
14 work; pay all local, state, and federal taxes associated with its work; and pay all benefits,  
15 insurance, taxes, and contributions for Social Security and Unemployment which are measured  
16 by wages, salaries, or other remuneration paid to the PM's employees. Upon Owner's request,  
17 the PM shall furnish evidence satisfactory to Owner that any or all of the foregoing obligations  
18 have been fulfilled.

### 19 20 21 **ARTICLE 3: PROGRAM MANAGER'S BASIC SERVICES**

22  
23 Program Manager's Basic Services are described in Exhibit A of Attachment 1, CPM Proposal dated  
24 6/16/16.

### 25 26 27 **ARTICLE 4: DURATION OF THE PROGRAM MANAGER'S SERVICES**

28  
29 A. The duration of the PM's Basic Services under this Agreement shall be from June 30, 2016,  
30 through December 31, 2017.

31  
32 B. Extensions to the duration of the PM's Basic Services shall be made by a written Amendment  
33 to this Agreement executed by the Owner and the PM.

### 34 35 36 37 **ARTICLE 5: CHANGES IN THE PROGRAM MANAGER'S BASIC SERVICES AND** 38 **ADDITIONAL COMPENSATION**

39  
40 A. The Owner and the PM may make changes in the PM's Basic Services specified in Article 3  
41 of this Agreement. The PM shall promptly confirm scope changes in writing.

42  
43 B. The PM shall periodically, at intervals agreed upon by Owner and PM, review the scope of  
44 services, the fees incurred to date, and the original and updated estimates of the anticipated cost of

1 performing Basic Services, and notify Owner if the estimate will be exceeded. Updates to the  
2 estimated cost of performing Basic Services shall be promptly confirmed in writing by the PM.  
3  
4

#### 5 **ARTICLE 6: OWNER'S RESPONSIBILITIES** 6

7 A. The Owner shall provide to the PM complete information regarding the Owner's  
8 requirements for the Project.  
9

10 B. The Owner shall examine information submitted by the PM and shall render decisions  
11 pertaining thereto promptly.  
12

13 C. The Owner shall furnish legal, accounting, contract review and insurance counseling services  
14 as may be necessary for the Program.  
15

16 D. The Owner shall furnish required information and approvals and perform its responsibilities  
17 and activities in a timely manner to facilitate orderly progress of the work in cooperation with the  
18 PM, consistent with this Agreement and in accordance with the planning and scheduling  
19 requirements and budgetary constraints of the Project.  
20

21 E. The Owner shall retain Design Professionals whose services, duties and responsibilities shall  
22 be described in a written agreement between the Owner and Design Professional. The services,  
23 duties and responsibilities set out in the agreement between the Owner and the Design Professional  
24 shall be compatible and consistent with this Agreement and the Contract Documents.  
25

26 F. The terms and conditions of the agreement between the Owner and Design Professionals  
27 shall not be changed without written notification to the PM. The Owner shall furnish to the PM a  
28 copy of the Owner-Design Professional Agreement, along with any amendments.  
29

30 G. The Owner shall, in a timely manner secure, submit and pay for necessary approvals,  
31 easements, assessments, permits and charges required for the construction, use or occupancy of  
32 permanent structures or for permanent changes in existing facilities.  
33

34 H. The Owner shall designate an officer, employee or other authorized representatives to act  
35 in the Owner's behalf with respect to the Project. The Owner's representative for the Project is Mr.  
36 Craig Deason. This representative shall have the authority to authorize PM to incur fees in excess of  
37 its estimate for basic services specified in Article 7A and approve changes in the scope of the Project.  
38 Owner's Representative shall be available as often as may be required to render decisions and to  
39 furnish information in a timely manner. By executing this Agreement, Owner represents that it has  
40 taken any necessary action of its governing Board to delegate the authority required by this  
41 Agreement to Owner's Representative.  
42  
43  
44  
45

1 **ARTICLE 7: COMPENSATION AND PAYMENT**

2  
3 A. Compensation for Basic Services: The Owner shall compensate the PM for performing the  
4 Basic Services described in Article 3, within timeframes established in Article 4 as follows, for a total  
5 not-to-exceed fee currently estimated to be Four Hundred Forty-Six Thousand Two Hundred Dollars  
6 (\$446,200), to be paid as provided in subpart 7C, below, through December 31, 2017. This is only  
7 an estimate and shall not limit the total to be paid, provided PM has complied with the requirements  
8 of this Agreement with respect to services that may cause this amount to be exceeded. To the  
9 extent this amount may be exceeded, the additional amount will be paid for as provided elsewhere  
10 in this Agreement. This amount comprises:

11  
12 1. A fee for services as described in Article 3, estimated to be Four Hundred Twenty-Six  
13 Thousand Seven Hundred Dollars (\$426,700).

14  
15 2. An allowance in the amount of Nineteen Thousand Five Hundred Dollars (\$19,500)  
16 to be provided as follows.

- 17 a) Electrical and Fire Alarm Services \$12,000  
18 b) Estimating Services 7,500  
19

20 B. Reimbursable expenses will be billed to the Owner at direct cost plus 5%. The allowable  
21 reimbursable expenses are identified in Exhibit C of Attachment 1, CPM Proposal.  
22

23 C. Payment: Payment to be made by the Owner to the PM for the cost of providing Services  
24 will be based on monthly invoices, which will set forth the hours actually worked during the billing  
25 period. The billing rates indicated in Exhibit B of Attachment 1, CPM Proposal will be multiplied by  
26 the actual hours for each position to arrive at the total fee for each month. Reimbursable expenses  
27 incurred during the billing period and during previous billing periods and not yet invoiced will be  
28 marked up per Article 7 Paragraph B to arrive at the total reimbursable expenses.  
29

30 D. The PM will submit an invoice monthly to the Owner for the fee and reimbursable expenses  
31 incurred for the billing period. The Owner shall make payment to the PM of one hundred percent  
32 (100%) of the approved invoiced amount within thirty (30) days of the Owner's receipt of the  
33 invoice.  
34

35 E. Accounting Records: Record of the PM's personnel expense, consultant fees and direct  
36 expenses pertaining to the Project shall be maintained on the basis of generally accepted accounting  
37 practices and shall be available for inspection by the Owner or the Owner's Representative at  
38 mutually convenient times for a period from the date of this Agreement through two years after  
39 completion of the Services under this Agreement.  
40

41 F. Compensation for Additional Services: The PM shall be compensated and payments shall be  
42 made for performing Additional Services in the same manner as provided in Article 7 for Basic  
43 Services. There shall be an increase in the fee set out in Article 7 Paragraph A in an amount which is  
44 mutually agreeable between the Owner and the PM.  
45

1  
2  
3 **ARTICLE 8: INSURANCE AND MUTUAL INDEMNITY**  
4

5 A. The PM shall procure and maintain insurance on all of its operations during the progress of  
6 its work on the Project, with reliable insurance companies, on forms acceptable to Owner, for the  
7 following minimum insurance coverage:  
8

9 1. Workers' Compensation insurance and occupational disease insurance, as required  
10 by law, and employer's liability insurance, with minimum limits of \$1,000,000, covering all  
11 workplaces involved in this Agreement.  
12

13 2. Commercial general liability insurance, with limits of not less than as indicated in  
14 either (1) or (2) as follows: (1) Bodily Injury Liability - \$1,000,000 each person, \$1,000,000  
15 each occurrence; Property Damage Liability - \$1,000,000 each occurrence, \$1,000,000  
16 aggregate; (2) A single limit for Bodily Injury Liability and Property Damage Liability  
17 Combined of \$1,000,000 each occurrence and \$1,000,000 aggregate.  
18

19 3. Professional Liability Insurance for the Program, written on a "Claims Made Basis,"  
20 with limits of liability in amounts not less than \$1,000,000, insuring the PM against liabilities  
21 arising out of or in connection with the negligent acts, errors, or omissions of the PM in  
22 connection with the carrying out of its professional responsibilities for the Program.  
23

24 4. The PM shall also provide Certificates of Insurance, or other evidence of insurance  
25 as requested by Owner, to Owner within thirty (30) days after receipt by the PM of a signed  
26 version of this Agreement. The certificates shall provide that there will be no cancellation,  
27 reduction, or modification of coverage without ten (10) days' prior written notice to Owner.  
28  
29

30 B. Waiver of Subrogation: The Owner and PM waive all rights against each other and against  
31 the Contractor, Design Professionals, consultant, agents and employees of the other for damages  
32 during construction covered by any property insurance as set forth in the Construction Contract.  
33 The Owner and the PM shall each require similar waivers from their contractors, consultants and  
34 agents, including the Design Professionals.  
35

36 C. Indemnity  
37

38 1. The PM shall, with respect to all work which is covered by or incidental to this  
39 Agreement, defend, indemnify and hold Owner harmless from and against any and all liens  
40 and claims asserted by firms or individuals claiming through the PM, and all claims, liability,  
41 loss, damage, costs, or expenses, including reasonable attorneys' fees, expert's fees, awards,  
42 fines, or judgments, arising by reason of any claim for the death or bodily injury to persons  
43 or injury to property, to the extent caused by the PM's negligence or willful misconduct.  
44 However, the PM shall not be obligated under this Agreement to indemnify Owner to the

1 extent that the damage is caused by the negligence or willful misconduct of Owner or its  
2 agent or servants other than the PM.  
3

4 2. The Owner shall defend, indemnify and hold the PM and its members, employees  
5 and consultants harmless from and against all claims, liabilities, suits and damages, to the  
6 extent caused by the negligence or willful misconduct of the Owner, its employees, agents,  
7 representatives, independent contractors, material suppliers, the Contractor or Design  
8 Professional. If the PM is named as a defendant in an action by a Contractor or  
9 Subcontractor, the Owner shall provide a joint defense to the action, with contribution from  
10 the PM only in the event that a judgment determines that the PM is liable for negligence or  
11 willful misconduct.  
12

13 3. The PM's total liability to Owner for any and all claims or liability arising out of this  
14 Agreement or performance of the Services called for by this Agreement, whether in tort or  
15 contract, shall be limited to the available insurance coverage as provided in compliance with  
16 Article 8 of this Agreement and the amount of the total compensation actually paid to the  
17 PM by the Owner pursuant to this Agreement.  
18

## 19 **ARTICLE 9: TERMINATION AND SUSPENSION**

### 20 **A. Termination**

21 1. This Agreement may be terminated in whole or in part in writing by either party in  
22 the event of substantial failure by the other party to fulfill its obligations under this  
23 Agreement through no fault of the terminating party; provided that no such termination  
24 may be effected unless the other party is given:  
25  
26

27 a) Written notification (delivered by certified mail) that the other party is in  
28 material breach of the contract and the notification specifies the breach.  
29

30 b) Seven (7) calendar days to cure the breach.  
31

32 c) An opportunity for consultation with the terminating party prior to the  
33 termination.  
34

35 d) Termination notification (delivered by certified mail) that the breach has not  
36 been cured and providing an additional seven (7) calendar days prior to termination.  
37

38 2. This Agreement may be terminated in whole or in part in writing by the Owner for  
39 its convenience; provided the PM is given (i) not less than thirty (30) days written notice  
40 (delivered by certified mail) of intent to terminate and (ii) an opportunity for consultation  
41 with the Owner prior to termination. In the event of notice of termination, the PM shall take  
42 reasonable measures to mitigate termination expenses.  
43  
44



1 3. If termination pursuant to Article 9 Paragraph A.1 is effected by the Owner, the PM  
2 will be paid for Services actually performed to the reasonable satisfaction of the Owner. If  
3 termination pursuant to Article 9 Paragraph A.1 is effected by the PM or if termination  
4 pursuant to Article 9 Paragraph A.2 is effected by the Owner, the PM shall be entitled to an  
5 equitable adjustment in compensation. The equitable adjustment for any termination shall  
6 provide for payment of the PM for Services rendered and expenses incurred prior to the  
7 termination. In addition, termination expenses reasonably incurred by the PM shall be paid.  
8 Termination expenses are defined as those direct costs arising prior, during and subsequent  
9 to termination that are directly attributable to the termination of the Services.

10  
11 4. Upon receipt of a termination notice pursuant to Article 9 Paragraph A.1 or  
12 expiration of the notice period under Article 9 Paragraph A.2, the PM shall (i) promptly  
13 discontinue all services affected (unless the notice directs otherwise), and (ii) deliver or  
14 otherwise make available to the Owner all data, documents, procedures, reports, estimates,  
15 summaries, and such other information and materials as may have been accumulated by the  
16 PM in performing this Agreement, whether completed or in process.

17  
18 5. If, after termination for failure of the PM to fulfill contractual obligations, it is  
19 determined that the PM had not so failed, the termination shall be deemed to have been  
20 effected for the convenience of the Owner. In such event, adjustment for the compensation  
21 provided for in this Agreement shall be made as provided in Article 9 Paragraph A.3 for  
22 termination for the convenience of the Owner.

23  
24 B. Suspension

25  
26 1. The Owner may in writing order the PM to suspend all or any part of the Program  
27 Manager's Services for the Project for the convenience of the Owner or for Project delay  
28 work stoppage beyond the control of the Owner or the PM. If the performance of all or any  
29 part of the Services for the Project is so suspended, an adjustment in the PM's compensation  
30 shall be made for the increase, if any, in the cost of the PM's performance of this Agreement  
31 caused by such suspension, and this Agreement shall be modified in writing.

32  
33 2. If the Project is suspended by the Owner for more than three (3) months, the PM  
34 shall be paid compensation for Services performed prior to receipt of written notice from  
35 the Owner of the suspension, together with direct expenses then due and all expenses and  
36 costs directly resulting from the suspension. If the Project is resumed after being suspended  
37 for more than six (6) months, the PM shall have the option of requiring that its  
38 compensation, including rates and fees, be renegotiated. Subject to the provisions of this  
39 Agreement relating to termination, a suspension of the Project does not void this  
40 Agreement.

1 **ARTICLE 10: DISPUTE RESOLUTION**

2  
3 A. Mediation: The parties agree that all claims, disputes or controversies between the parties  
4 arising out of or relating to this Agreement, or breach thereof, ("Claim") shall initially be submitted  
5 to non-binding mediation before a mediator mutually agreed upon by the parties. In the event the  
6 parties are unable to agree upon the identity of the mediator within fifteen days from the date either  
7 party submits a written request to mediate a Claim, the mediator shall be selected and the  
8 mediation administered under the Construction Mediation Rules of the American Arbitration  
9 Association. The costs and fees of the mediator shall be paid equally by the parties. The parties  
10 shall negotiate in good faith in an effort to reach an agreement with respect to the Claim. Neither  
11 party shall commence or pursue arbitration or litigation until the completion of mediation  
12 proceedings.  
13

14 B. Arbitration: In the event that a Claim remains unresolved after mediation pursuant to Public  
15 Contract Code Section 22200, et seq., the Claim shall be decided by binding arbitration in accordance  
16 with Public Contract Code Sections 10240-10245.4, and the implementing regulations contained in  
17 Title 1 of the California Code of Regulations then in effect. The hearing in any arbitration under this  
18 provision shall be held in Sacramento County.  
19

20 C. It is expressly agreed that no mediation or arbitration shall be initiated prior to the  
21 completion of the Services under this Agreement, or termination of this Agreement, whichever is  
22 earlier.  
23  
24

25 **ARTICLE 11: ADDITIONAL PROVISIONS**

26  
27 A. Confidentiality: The PM shall not disclose or permit the disclosure of any confidential  
28 information, except to its agents, employees and other consultants who need such confidential  
29 information in order to properly perform their duties relative to this Agreement.  
30

31 B. Limitations and Assignment

32  
33 1. The Owner and the PM each binds themselves, their successors, assigns and legal  
34 representatives to the terms of this Agreement.  
35

36 2. Neither the Owner nor the PM shall assign or transfer its interest in this Agreement  
37 without the written consent of the other, except that the PM may assign accounts receivable  
38 to a commercial bank for securing loans without approval of the Owner.  
39

40 C. Fingerprinting: Education Code section 45125.1 may apply to this Agreement. The District  
41 administrator responsible for this Agreement shall, pursuant to Section 45125.1 and District policy  
42 and guidelines, determine whether fingerprinting is required of the PM or its employees. Once such  
43 determination is made, the District administrator shall verify his/her determination on the signature  
44 page of this Agreement.  
45

1 D. Non-Solicitation of Employees: Owner agrees that without expressed written consent, at all  
2 times while Owner is employing the services of the PM and for twelve (12) months after contract  
3 period terminates, Owner will not, directly or indirectly, whether individually or as an officer,  
4 director, employee, consultant, partner, stockholder, individual proprietor, joint venture, investor,  
5 lender, consultant, or any other capacity whatsoever; solicit, divert hire, retain (including as a  
6 consultant) or encourage to leave the employment or contract period of PM and any employee or  
7 contractor of PM, or hire or retain (including as a consultant) any former employee of PM who has  
8 left the employment or contract period of PM within twelve(12) months prior to such hiring or  
9 retention. Owner agrees and acknowledges that its non-solicitation of employees obligation  
10 hereunder are essential to the protection of PM's business.

11  
12 E. Governing Law: Unless otherwise provided, this Agreement shall be governed by the laws  
13 of Sacramento County and the State of California.

14  
15 F. Equal Opportunity Employment: PM represents that it is an equal opportunity employer  
16 and it shall not discriminate against any employee or applicant for employment because of race,  
17 religion, color, national origin, ancestry, sex, age, physical handicap, medical condition, marital  
18 status or age. Such non-discrimination shall include, but not be limited to, all activities related to  
19 initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or  
20 termination with or related to the performance of this Agreement.

21  
22 G. Extent of Agreement: This Agreement represents the entire and integrated agreement  
23 between the Owner and the PM and supersedes all prior negotiations, representations or  
24 agreements, either written or oral. This Agreement may be amended only by written instrument  
25 signed by both the Owner and the PM. Nothing contained in this Agreement is intended to benefit  
26 any third party. The Contractors and Design Professionals are not intended third party beneficiaries  
27 of this Agreement.

28  
29 H. Severability: If any portion of this Agreement is held as a matter of law to be unenforceable,  
30 the remainder of this Agreement shall be enforceable without such provisions.

31  
32 I. Meaning of Terms: References made in the singular shall include the plural and the  
33 masculine shall include the feminine or the neuter.

34  
35 J. Notices: All Notices required by this Agreement or other communications to either party by  
36 the other shall be deemed given when made in writing and deposited in the United States Mail, first  
37 class, postage prepaid, addressed as follows:

38  
39 **To the Owner:**

40 Mr. Scott Loehr

41 Superintendent

42 Center Joint Unified School District

43 8408 Watt Avenue

44 Antelope, CA 95843

**To the PM:**  
Mr. Wallace E. Browe  
President  
Capital Program Management, Inc.  
1851 Heritage Lane, Suite 210  
Sacramento, CA 95815

Center Joint Unified School District

\_\_\_\_\_  
Signature

By: Mr. Scott Loehr

Its: Superintendent

Date: \_\_\_\_\_

Department of Justice (DOJ) Fingerprinting: Required

Capital Program Management, Inc.

  
\_\_\_\_\_  
Signature

By: Mr. Wallace E. Browe

Its: President

Date: 6.16.16

June 16, 2016

Craig Deason, Assistant Superintendent  
Center Joint Unified School District  
8408 Watt Ave.  
Antelope, CA 95843-9116

Subject: ATTACHMENT 1 - Proposal for Facility Needs Assessment and Implementation Planning Services for Modernization Projects

Dear Craig:

Capital Program Management, Inc., ("CPM") is pleased to provide a proposal for Facility Needs Assessment and Implementation Planning Services for Modernization Projects. A general description of the Scope of Services under this proposal is below, and more specifically described in Exhibit A.

**Scope of Work:**

- I. Site Condition Assessments
  - a. Initial Investigations and District Document Reviews
  - b. Develop electronic facility condition assessment software
  - c. Visit each site to gather and catalog site condition assessment survey information
  - d. Follow a priority-based facility assessment format (see Exhibit A)
  - e. Determine useful/remaining life of materials, products, and systems where possible
  - f. Provide assessment data, sortable database (Excel), pictures, and field notes
  - g. Utilize specialty sub-consultants:
    - Access Compliance (Nacht & Lewis)
    - Mechanical and Plumbing (Capital Engineering)
    - Electrical and Fire Alarm (TBD)
    - Estimating (TBD)
- II. Implementation Planning
  - a. Prepare individual Project Budgets with Board approved priority-based sorts
  - b. Confirm local bond issuance schedule and available cash flow
  - c. Set projects in time (Master Program Schedule)
  - d. Review interim housing options and prepare preliminary campus construction phasing schedules
  - e. Identify potential Quick Start projects
  - f. Identify all potential funding sources
  - g. Prepare Master Program Budget (MPB), including program-wide expenses, escalation, and loss reserve accounts
  - h. Review OPSC eligibility status and compare to available funding sources and amounts
  - i. Prioritize projects
  - j. Prepare a written implementation plan report

- III. Design Phase Project Management
- a. Prepare schedule of planning and design activities
  - b. Facilitate solicitation process to hire Architects, and other necessary consultants
  - c. Prepare project scope of work statements based on Board priorities
  - d. Develop target design to budget amounts for Architect Agreements
  - e. Review of documents for coordination and constructability
  - f. Oversight of design process through DSA and OPSC approvals, but not including bid/award phase and construction phase

CPM represents that it is skilled in performing work of a similar nature and will perform its work in accordance with the applicable professional standard of care. CPM will commence its work promptly upon Board approval and shall continue until the anticipated goal of completion by December 31, 2017, or until notified by you that CPM's services are no longer required, or until the Agreement is suspended or terminated by CPM as provided below.

CPM shall be compensated for performance of the Services based upon hours actually expended in performing the services per Exhibit A, at the rates established in Exhibit B, for a not-to-exceed fee as stated below, together with reimbursable expenses incurred as provided in Exhibit C.

Fee Summary

I.	Site Condition Assessments	\$177,000
II.	Sub-Consultants	
	- Access Compliance	\$21,100
	- Mechanical and Plumbing	\$14,600
	- Electrical and Fire Alarm (Allowance)	\$12,000
	- Estimating (Allowance)	\$7,500
III.	Implementation Planning	141,000
IV.	Design Phase Project Management	<u>\$73,000</u>
	Total	\$446,200

Craig, we look forward to working with Center Joint Unified School District to provide these preparatory services that will make the District renovation projects a success.

Sincerely,  
CAPITAL PROGRAM MANAGEMENT, INC.



Mark Rosson  
Vice President

Encl.: Exhibit A - Scope of Services  
Exhibit B - Schedule of Hourly Rates  
Exhibit C - Allowable Reimbursable Expenses

**EXHIBIT A**  
**SCOPE OF SERVICES**  
**FACILITY NEEDS ASSESSMENT AND IMPLEMENTATION PLANNING SERVICES**  
**FOR MODERNIZATION PROJECTS**

**Facility Needs Assessment Planning:**

Conduct condition assessment surveys on Eight (8) Campuses, including (1) high school, (1) Continuation High School, (1) middle school, (1) junior high school (old Center JHS), (4) elementary schools, utilizing a recommended Board-approved "priority" based system assessment approach, including, but not limited to the following elements:

1. **Health, Safety, and Security:**

- Fire Alarm/Life Safety (\*Note – CPM to hire a sub-consultant)
- Structural Safety (as required by DSA – AB300 list)
- Traffic Circulation (Student/Parent Drop-off, Bus, and Parking Lots)
- Asbestos and Lead Abatement, and AHERA Report Review
- Exterior Lighting (including Prop 39 CEC projects)
- Security System Monitoring (DVR or CCTV)
- Public Circulation and Security Fencing

2. **Access Compliance (as required by DSA):**

- Path of Travel Upgrades (in addition to Site Improvements)
- Doors, Frames, Hardware, and Thresholds (Exterior)
- Restroom Modifications, Fixtures, Partitions, Grab Bars, Accessories, and Drinking Fountains
- Site and Building Signage
- MPR Assistive Listening
- Elevators and Stage Access Lifts

3. **Building Shell Integrity:**

- Roof, Fascia, and Gutter/Downspout Replacement
- Deteriorated and Leaking Windows/Storefronts
- Water Intrusion
- Exterior Paint and Wall Finishes
- Dry Rot and Termite Repair

4. **Educational-Technology:**

- Classroom/Lab Technology
  - Projectors/Screens
  - Flat Screen TV's
  - Smart Boards
  - Interwrite Boards
  - Document Cameras
  - AV Media (content video on-demand streaming)
  - Voice Amplification

- Assistive Listening (i.e. public spaces – MPR's)
- Computers
- Printers
- Wireless Access Points
- Sound/Lighting Systems (MPR, library, theater, and meeting areas)

5. IT Infrastructure and Low Voltage Systems:

- Campus Infrastructure
  - Underground Pathway
  - Aboveground Pathway
  - Minimum Point of Entry (MPOE) Capability for Telecommunications (voice/data)
  - MDF/IDF Locations
  - MDF/IDF Active Hardware Components (i.e. Switches, Routers, Servers, etc.)
- Backbone Cabling (from MDF to IDF's)
  - Fiber Optic Cable
  - Copper
  - Coax
- Horizontal Cabling (from IDF's to end points)
  - Data Drops
  - Fiber Optic Cable
  - Coax
- Service Provider Speed/Internet Connectivity via WAN
- Communications
  - Intercom
  - Clocks/Bells
  - Speakers (Interior and Exterior)
  - Telephone (PBX, Keyed Switch Unit, VoIP)
- Building Systems Management
  - Energy Management Systems
  - Lighting Control Systems

6. Classroom and Core Facility Interior Finishes:

- Interior Painting
- Tackable Wall Surfaces and Marker Boards
- Ceiling Repair/Replacement
- Floor Coverings
- Casework, Cabinetry, and Millwork
- Doors, Frames, Hardware, (Interior)

7. Site Utility Improvements:

- Electrical Service Upgrade
- Water, Sewer, Storm, and Gas Line Replacement

8. Site Improvements:

- Hardscape, Hardcourts, Ball Walls, and Playgrounds
- Lunch Shade Structures
- Site Fencing, Utility Yard, and Trash Enclosures
- Surface Drainage (paving and seal coat/stripe)
- Landscape and Irrigation Systems



9. Building Mechanical, Electrical, and Plumbing (MEP):

- HVAC Integrity/Distribution (\*Note – CPM to hire a sub-consultant)
- HVAC Upgrades (including Prop 39 CEC projects)
- Plumbing Integrity/Distribution (\*Note – CPM to hire a sub-consultant)
- Electrical Power Distribution (\*Note – CPM to hire a sub-consultant)

10. Sustainability, Conservation, and Energy Efficiency:

- Photovoltaic Solar Panels
- Energy Management System (local or District-wide controls)
- Lighting Upgrades (including Prop 39 CEC projects)

11. Athletic Facility Upgrades:

- Football, Track/Field, Concessions, Restrooms, and Storage
- Baseball, Softball, and Soccer Fields
- Basketball and Tennis Courts

12. Portable Classroom Building Inventory and “Deportablization”:

- Tabulate Portables by Site from District Records
- Evaluate Disposition – If Owned or Leased
- Evaluate Age – If  $\geq$  to 15 years old (replace with conventional construction?)

13. Accommodations for Improved Learning Environment and Enrollment Growth:

- Permanent Classrooms and/or Support Space
- Adaptive Re-use of Existing Spaces for New Programs
- Computer and Science Labs
- Cafeteria’s, Gyms, and Multi-Purpose Rooms
- Kitchens and Food Serving Area Upgrades
- Libraries, Teacher Lounge/Workrooms, Custodial/Storage, and Administrative Areas
- Theaters and Performing Arts
- Review District’s 5-Year M&O Plan
- Walk-In Freezer/Cooler Upgrades (Central District and individual schools)

**EXHIBIT B**

**SCHEDULE OF HOURLY RATES**

Position		Rates for 7/1/16 – 12/31/16	Rates for 1/1/17 – 12/31/17
<b>PIC</b>	President	\$190	\$196
	Vice President	\$190	\$196
	Principal	\$190	\$196
<b>Planning &amp; Program Management Practice</b>	Program Director	\$190	\$196
	Senior Program Manager	\$179	\$184
	Program/Project Manager	\$164	\$169
	Asst. Program/Project Manager	\$139	\$143
	Program Coordinator II	\$105	\$108
	Program Coordinator I	\$ 88	\$ 91
	Senior Estimator	\$179	\$184
	Estimator	\$164	\$169
	Senior Scheduler	\$179	\$184
	Scheduler	\$164	\$169
	Clerical	\$ 56	\$ 58
<b>Budget &amp; Accounting Practice</b>	Director of Budget & Accounting	\$190	\$196
	Budget & Accounting Manager	\$179	\$184
	Senior Budget Analyst	\$136	\$140
	Budget Analyst	\$122	\$126
	Asst. Budget Analyst	\$ 95	\$ 98
<b>Educational Technology Practice</b>	Director of Educational Technology	\$190	\$196
	Senior Ed-Tech Manager	\$179	\$184
	Ed-Tech Manager	\$164	\$169
	Asst. Ed-Tech Manager	\$138	\$143
	Drafter	\$126	\$130
<b>Contract Management Practice</b>	Director of Contract Management	\$190	\$196
	Senior Contract Manager	\$179	\$184
	Contract Manager	\$164	\$169
	Contract Administrator	\$138	\$143
	Assistant Contract Administrator	\$105	\$108

**Footnote:** Standard hourly rates are subject to change based on mutually agreed amount, not to exceed 3% per year, beginning January 1, 2018.

## **EXHIBIT C**

### **ALLOWABLE REIMBURSABLE EXPENSES**

The PM will be reimbursed for reasonable expenses incurred in conjunction with the project. The items allowable for reimbursement are as follows:

1. Cost of travel between sites within the District.
2. Cost of printing and distributing documentation and reports.
3. Cost of postage, UPS, Federal Express, and other deliveries.
4. Cost of reproduction of plans and specifications.
5. Cost of legal notices published for project.
6. Cost of sub-consultants hired by PM.

Reimbursable expenses will be billed to the Owner at direct cost plus 5%.

1  
2  
3 ATTACHMENT 2

4 DOJ CERTIFICATION

5  
6  
7 I, Mr. Wallace E. Browe, on behalf of Capital Program Management, Inc. certify  
8 that, pursuant to Education Code Section 45125.1 and Article 11 Paragraph C of this Agreement,  
9 this business entity has conducted the required criminal background check(s) of all persons who  
10 will be providing services to the Center Joint Unified School District on behalf of this business  
11 entity, and that none of those persons have been reported by the Department of Justice as having  
12 been convicted of a serious or violent felony as specified in Penal Code Sections 667.5(c) or  
13 1192.7(c). I understand that this Certification is not to be signed and submitted until I have  
14 received clearance from DOJ regarding those persons named. As further required by Education  
15 Code 45125.1, attached hereto is a list of names of the employees who will be providing services  
16 to Center Joint Unified School District and who are required to be fingerprinted as provided in  
17 the Agreement. I agree to keep this list current and to notify the Center Joint Unified School  
18 District of any addition/deletions as they occur.  
19

20 I declare under penalty of perjury under the laws of the State of California that the  
21 foregoing is true and correct.  
22

23 Executed \_\_\_\_\_, in Sacramento, California.  
24

(Seal of business)

By: 

Mr. Wallace E. Browe

President

1  
2  
3  
4  
5

**LIST OF EMPLOYEES WHO ARE AUTHORIZED  
TO COME ON TO SCHOOL CAMPUSES**

<u>Name:</u>	<u>School Site (if known)</u>
Mark Rosson	
Sharon Thomas	
Doug McCalla	
Michael Vonasek	
Omar Peña	
Rozana Abuhamdi	
Terra Johnson	
Tim Doane	
Dagnes Sutherland	

6  
7