PRELIMINARY OFFICIAL STATEMENT DATED APRIL 19, 2017

NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "___"**
See "RATING" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$47,500,000*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series A

$30,000,000*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2017 Refunding General Obligation Bonds

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

Authority and Purpose. The San Leandro Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series A (the "Series A Bonds") and the San Leandro Unified School District (Alameda County, California) 2017 Refunding General Obligation Bonds (the "Refunding Bonds") are being issued by the San Leandro Unified School District (the "District") pursuant to certain provisions of the California Government Code and resolutions of the Board of Education of the District adopted on March 14, 2017 (collectively, the "Bond Resolutions"). The Series A Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $104,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction, improvement and equipping of school facilities. The Series A Bonds are the first series of bonds to be issued under this authorization. The Refunding Bonds will be issued for the purpose of refunding portions of two outstanding general obligation bond issues of the District See "THE FINANCING AND REFINANCING PLAN" AND "THE BONDS – Authority for Issuance."

Security for the Bonds. The Series A Bonds and the Refunding Bonds (collectively, the "Bonds") are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by Alameda County (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

Payments. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing _____ 1, 20__, by check mailed to the person in whose name the Bond is registered. The Bonds will mature, and principal will be payable, on August 1 in each of the years and in the principal amounts shown on the inside front cover page hereof. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, San Francisco, California as Paying Agent, to The Depository Trust Company ("DTC") for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption.* The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Description of the Bonds - Book-Entry Form" and "APPENDIX F - Book-Entry Only System."

Bond Insurance. The District has applied for municipal bond insurance for the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance. See "BOND INSURANCE."

MATURITY SCHEDULE
(see inside front cover)

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery to Cede & Co., as nominee of DTC, on or about May 25, 2017.

PiperJaffray®

The date of this Official Statement is: _____, 2017.

** Preliminary, subject to change.*

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

MATURITY SCHEDULE*

BASE CUSIP(†): _____

SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series A

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(†)

SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2017 Refunding General Obligation Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(†)

**Preliminary, subject to change.*

† Copyright 2017, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association, and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
ALAMEDA COUNTY
STATE OF CALIFORNIA

BOARD OF EDUCATION

Diana Prola, *President*
Monique Tate, *Vice President*
Lance James*, Clerk*
Victor Aguilar, Jr.*, Member*
Evelyn Gonzalez, *Member*
Peter Oshinski, Member
Leo Sheridan, *Member*

DISTRICT ADMINISTRATIVE STAFF

Michael McLaughlin, Ed.D., *Superintendent*
Kevin Collins, Ed.D., *Assistant Superintendent of Business and Operations*

FINANCIAL ADVISOR

California Financial Services
S*anta Rosa, California*

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT
and ESCROW AGENT

U.S. Bank National Association
San Francisco, California

VERIFICATION AGENT

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

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$47,500,000*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series A

$30,000,000*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2017 Refunding General Obligation Bonds

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the San Leandro Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series A (the "**Series A Bonds**") and the San Leandro Unified School District (Alameda County, California) 2017 Refunding General Obligation Bonds (the "**Refunding Bonds**") by the San Leandro Unified School District (the "**District**"). Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Bond Resolutions (defined herein).

INTRODUCTION

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

The District. The District includes approximately 12.4 square miles in the central part of Alameda County (the "**County**") and provides educational services for grades kindergarten through twelve to the residents of a portion of the City of San Leandro (the "**City**") and portions of the City of Oakland. The District operates 8 elementary schools, 2 middle schools, one comprehensive high school, one continuation high school (with an Independent Study Program) and one adult school. The District's estimated enrollment for 2016-17 is 8,651 students. For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other information regarding the City of San Leandro and the County.

Authority for Issuance; Purposes. Series A Bonds. The Series A Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "**Bond Law**") and pursuant to a resolution adopted by the Board of Education of the District on March 14, 2017 (the "**Series A Bond Resolution**"). The Series A Bonds are the first series of bonds issued by the District pursuant to an election held by the District on November 8, 2016 (the **"Bond Election"**) in which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of $104,000,000 (the **"Authorization"**). The net proceeds of the Series A Bonds will be used to finance school construction and improvements as approved by District voters at the Bond Election. See "THE FINANCIG AND REFINANCING PLAN" and "THE BONDS – Authority for Issuance" and "SOURCES AND USES OF FUNDS" herein.

**Preliminary; subject to change.*

Refunding Bonds. The Refunding Bonds will be issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "**Refunding Bond Law**") and pursuant to a resolution adopted by the Board of Education of the District on March 14, 2017 (the "**Refunding Bond Resolution**"). The net proceeds of the Refunding Bonds will be applied to refund on a current basis two issues of general obligation bonds of the District, consisting of (a) the General Obligation Bonds, Election of 2006, Series A, which were issued on March 7, 2007, in the aggregate original principal amount of $29,000,000, and (b) the 2007 General Obligation Refunding Bonds which were also issued on March 7, 2007, in the aggregate original principal amount of $39,210,000. See "THE FINANCING AND REFINANCING PLAN" and "THE BONDS – Authority for Issuance" and "SOURCES AND USES OF FUNDS" herein.

Payment and Registration of the Bonds. The Bonds are being issued as current interest bonds. The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners (as defined herein) will not be entitled to receive physical delivery of the Bonds. See "THE BONDS" and "APPENDIX F –Book-Entry Only System."

Interest on the Bonds accrues from the Dated Date and is payable semiannually on February 1 and August 1 of each year, commencing _____ 1, 20__. The Bonds will mature, an principal will be payable, on August 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to their maturity as described in "THE BONDS - Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

The District currently has other series of general obligation bonds that are payable from *ad valorem* taxes levied on taxable property in the District. For a schedule of the general obligation bonds issued by the District, see "DEBT SERVICE SCHEDULES." See also "APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Long Term Indebtedness."

Bond Insurance. The District has applied for municipal bond insurance for the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (**"Bond Counsel"**), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, is also serving as Disclosure Counsel to the District (**"Disclosure Counsel"**). Stradling Yocca Carlson & Rauth, A Professional Corporation, San

Francisco, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**"). *Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Bonds.*

Tax Matters. In the opinion of Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" and Appendix D hereto.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Bonds and executed by the District (the **"Continuing Disclosure Certificate"**). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

Other Information. For limiting factors about this Official Statement, see "General Information About This Official Statement" inside the cover hereof. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available by request to the Office of the District Superintendent at San Leandro Unified School District, 14735 Juniper Street, San Leandro, California 94579, telephone: 510-667-3500. The District may impose a charge for copying, mailing and handling.

[END OF INTRODUCTION]

FINANCING AND REFINANCING PLAN

Series A Bonds

The proceeds of bonds issued pursuant to the Authorization, including the Series A Bonds, will be used to finance projects approved by the District's voters at the Bond Election. The abbreviated summary of the ballot measure is as follows:

> *"To repair leaky roofs, faulty plumbing and electrical systems; improve heating and ventilation; improve student safety by upgrading security lighting, emergency communications, fire alarms and sprinklers; upgrade classrooms, libraries and science labs; replace deteriorating portables; and provide facilities and equipment needed to support instruction in math, science, engineering, arts and technology; shall San Leandro Unified School District issue $104,000,000 in bonds at legal interest rates, with citizens' oversight, annual audits and all money benefiting San Leandro children?"*

See "DEBT SERVICE SCHEDULES" herein for the combined debt service due with respect to general obligation bonds and refunding general obligation bonds of the District, including the Series A Bonds.

Refunding Bonds

The Refunding Bonds are being issued to refund outstanding maturities of two issues of general obligation bonds of the District, consisting of (a) the General Obligation Bonds, Election of 2006, Series A, which were issued on March 7, 2007, in the aggregate original principal amount of $29,000,000 (the "**2006 Series A Bonds**"), and (b) the 2007 General Obligation Refunding Bonds which were also issued on March 7, 2007, in the aggregate original principal amount of $39,210,000 (the "**2007 Refunding Bonds**").

The 2006 Series A Bonds and the 2007 Refunding Bonds are subject to redemption on August 1, 2017, at the option of the District, from any source of available funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium. The following tables identify the 2006 Series A Bonds and the 2007 Refunding Bonds to be refunded (the **"Refunded Bonds")**.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Identification of 2006 Series A Bonds to be Refunded

Maturities to be Refunded	CUSIP†	Principal Amount	Redemption Date	Redemption Price
			8/1/2017	100.0%
			8/1/2017	100.0%
			8/1/2017	100.0%
Total	-		-	-

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Identification of 2007 Refunding Bonds to be Refunded

Maturities to be Refunded	CUSIP†	Principal Amount	Redemption Date	Redemption Price
			8/1/2017	100.0%
			8/1/2017	100.0%
			8/1/2017	100.0%
Total	-		-	-

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.

The net proceeds of the Refunding Bonds will be deposited with U.S. Bank National Association, as escrow agent (the **"Escrow Agent"**), for deposit into an Escrow Fund which will be established under an Escrow Agreement between the District and the Escrow Agent (the **"Escrow Fund"**). Pursuant to the Escrow Agreement, amounts on deposit in the Escrow Fund invested in certain United States Treasury obligations which mature on August 1, 2017, on which date such amounts will be applied to pay the redemption price of the outstanding 2006 Series A Bonds and 2007 Refunding Bonds. As a result of the deposit and investment of amounts in the Escrow Fund, the 2006 Series A Bonds and the 2007 Refunding Bonds will be discharged and defeased, and will no longer be payable from and secured by property taxes levied for the purpose of paying debt service on the 2006 Series A Bonds and the 2007 Refunding Bonds.

The sufficiency of the deposits in the Escrow Fund for those purposes will be verified by Causey Demgen & Moore, P.C., Denver, Colorado, certified public accountants (the "**Verification Agent**"). See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. As a result of the deposit of funds with the Escrow Bank on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Refunding Bonds.

THE BONDS

Authority for Issuance

The Series A Bonds will be issued under the Bond Law and the Series A Bond Resolution. The District received authorization at the Bond Election, by more than the requisite fifty-five percent vote of the qualified electors to issue general obligation bonds in a principal amount of $104,000,000. The Series A Bonds are the first series of bonds issued by the District pursuant to the Authorization.

The Refunding Bonds will be issued under the Refunding Bond Resolution and the Refunding Bond Law. The Refunding Bond Law permits the issuance of general obligation bonds for the purpose of refunding previously issued general obligation bonds, provided that a debt service savings test is met as provided in the Refunding Bond Law.

Description of the Bonds

Book-Entry Form. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, San Francisco, California (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. See "APPENDIX F – Book-Entry Only System."

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

Principal and Interest Payments. The Bonds will be dated the Dated Date and will bear interest payable semiannually each February 1 and August 1 (each, an "**Interest Payment Date**"), commencing _____ 1, 20__, at the interest rates shown on the inside front cover page of this Official Statement. The Bonds will mature, and principal will be payable, on August 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before _____ 15, 20__, shall bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the "**Record Date**") and that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If an Interest Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Interest Payment Date will be paid on the next business day. The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof.

See the maturity schedule on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES."

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective maturity dates, at the option of the District, on such basis as designated by the District and by lot within a maturity, in each case on any date on and after August 1, 20__, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on August 1, 20___ (the **"Series A Term Bonds"**), shall be subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Series A Term Bonds Maturing August 1, 20___

Redemption Date (August 1)	Sinking Fund Redemption

The Refunding Bonds maturing on August 1, 20___ (the **"Refunding Term Bonds"**), shall be subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Refunding Term Bonds Maturing August 1, 20___

Redemption Date (August 1)	Sinking Fund Redemption

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of $5,000 denominations each, which may be separately redeemed.

Notice of Redemption. The Paying Agent will cause notice of any redemption to be mailed, by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books (as hereinafter defined); but such mailing

will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

The redemption notice must state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the Principal Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolutions, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent shall have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent, except that the time period for giving the original notice of redemption shall not apply to any notice of rescission thereof.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the "**Registration Books**"), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

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

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolutions) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolutions it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolutions and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolutions or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in

the Bond Resolutions or provision satisfactory to the Paying Agent has been made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

SOURCES AND USES OF FUNDS

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

Sources of Funds	**Series A Bonds**	**Refunding Bonds**
Principal Amount of Bonds		
Net Original Issue Premium		
Total Sources		
Uses of Funds		
Deposit to Building Fund*		
Deposit to Escrow Fund		
Deposit to Debt Service Fund		
Costs of Issuance**		
Total Uses		

**[Inclusive of prepayment of interim financing of Bond projects.]*
***All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, bond insurance premium (if any), and the rating agency.*

APPLICATION OF PROCEEDS OF BONDS

Building Fund

The proceeds from the sale of the Series A Bonds, to the extent of the principal amount thereof, will be paid to the County Treasurer to the credit of the fund created and established in the Series A Bond Resolution and known as the "San Leandro Unified School District, Election of 2016, Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Series A Bonds are being issued, including for the payment of permissible costs of issuance. All interest and other gain arising from the investment of proceeds of the Series A Bonds shall be retained in the Building Fund and used for the purposes thereof. Any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be

withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Series A Bonds, to be applied to pay the principal of and interest on the Series A Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Series A Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Series A Bonds have been authorized or otherwise in accordance with the Bond Law.

Debt Service Funds

As described herein under the heading "SECURITY FOR THE BONDS - Debt Service Funds," the County will hold a separate debt service fund for the Series A Bonds and the Refunding Bonds in a fund used for indebtedness of the District (collectively, the **"Debt Service Funds"**). Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Funds which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the related series of Bonds. Interest earnings on the investment of monies held in the Debt Service Funds will be retained therein and used to pay the principal of and interest on the related series of Bonds when due. Any moneys remaining in the Debt Service Funds after the Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Funds, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. All amounts deposited in the Building Fund of the District shall be invested at the sole discretion of the County Treasurer. See Appendix G for the County's current Investment Policy and recent quarterly report. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds.

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DEBT SERVICE SCHEDULES

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

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Bond Debt Service Schedule

	Series A Bonds			Refunding Bonds			
Year Ending (Aug. 1)	Principal	Interest	Total	Principal	Interest	Total	Aggregate Debt Service
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							
2042							
2043							
2044							
2045							
2046							
2047							
Total							

Combined General Obligation Bonds Debt Service. The District has other series of general obligation bonds and refunding bonds outstanding. The following table shows the combined debt service schedule with respect to the District's outstanding general obligation bonds and refunding bonds, together with the Bonds, assuming no optional redemptions. See Appendix B – "District General and Financial Information – Long-Term Indebtedness" for additional information.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule

Period Ending (Aug. 1)	Outstanding GO Bonds Annual Debt Service	Bonds Annual Debt Service	Aggregate Annual Debt Service
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			
TOTAL			

SECURITY FOR THE BONDS

Ad Valorem Taxes

***Bonds Payable from Ad Valorem Property Taxes*.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the interest on, and principal of, the Bonds upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolutions prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from Ad Valorem Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. See "-Teeter Plan; Property Tax Collections" below.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as 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 taxable property

caused by, among other eventualities, earthquake, flood, drought, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Funds

As described herein, the County will establish the Debt Service Funds which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the respective Debt Service Funds by the County promptly upon receipt. The Debt Service Funds are pledged for the payment of the principal of and interest and premium (if any) on the related series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Funds to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same become due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in a Debt Service Fund, the County shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to the General Fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

BOND INSURANCE

The District has applied for municipal bond insurance for the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

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PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment, plus any additional amount determined by the Treasurer. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on July 1 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, Senate Bill 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on 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. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property

valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Historic Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the SBE, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see Appendix B under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following table sets forth recent history of the assessed value in the District.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Year 2006-07 through Fiscal Year 2016-17

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2006-07	$7,317,048,283	$4,969,893	$1,244,784,886	$8,566,803,062	--
2007-08	7,815,158,726	1,450,187	1,339,229,332	9,155,838,245	6.9%
2008-09	8,227,713,627	1,450,187	1,426,996,506	9,656,160,320	5.5
2009-10	7,881,536,752	1,450,187	1,277,336,461	9,160,323,400	(5.1)
2010-11	7,840,252,345	1,530,805	1,149,591,658	8,991,374,808	(1.8)
2011-12	7,897,225,670	1,530,805	1,121,208,822	9,019,965,297	0.32
2012-13	8,351,661,910	1,530,805	1,085,620,246	9,438,812,961	4.6
2013-14	8,871,526,705	1,530,805	1,175,332,422	10,048,389,932	6.5
2014-15	8,724,085,470	1,688,672	1,202,206,448	9,927,980,590	(1.2)*
2015-16	9,385,757,755	1,688,672	1,191,559,565	10,579,005,992	6.6
2016-17	9,773,440,516	1,688,672	1,501,109,880	11,276,239,068	6.6

**Decrease attributed to property tax exemption granted to Kaiser Foundation Hospitals for new hospital opened in 2014.*
Source: California Municipal Statistics, Inc.

As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts. With respect to droughts specifically, the State of California is currently facing water shortfalls, and on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State

officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, 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, which were implemented by an emergency regulation adopted by the Water Board on May 5, 2015. The temporary conservation measures have been extended and amended by subsequent executive orders of the Governor and related Water Board regulations, most recently with implementation of a "stress test" approach of water conservation, which requires local urban water agencies to ensure a three-year supply of water assuming three years of drought conditions. Those agencies with projected shortages are required to implement conservation measures through January 2017. On November 30, 2016, the California Department of Water Resources (the **"DWR"**), in collaboration with the State Water Resource Control Board, the Public Utilities Commission, Department of Food and Agriculture, and the Energy Commission, released a draft plan that seeks to make conservation a way of life by providing standards for achieving long-term efficient water use. The draft plan implements previous executive orders made by the Governor which include eliminating water waste, strengthening local drought resilience, and improving agricultural water use efficiency and drought-planning. The initial 2017 State Water Project (the "**SWP**") allocation, a percentage of the total water requests from 29 public water agencies served by the SWP, will be 20%. The District cannot predict or make any representations 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.

Parcels by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2016-17

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2016-17

	2016-17 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$1,175,648,701	12.03%	791	3.81%
Vacant Commercial	17,165,963	0.18	59	0.28
Industrial	1,911,457,672	19.56	633	3.05
Vacant Industrial	27,166,637	0.28	69	0.33
Kaiser Hospital Property	118,103,584	1.21	10	0.05
Recreational	1,587,311	0.02	3	0.01
Government/Social/Institutional	8,512,267	0.09	427	2.06
Subtotal Non-Residential	$3,259,642,135	33.35%	1,992	9.59%
Residential:				
Single Family Residence	$4,975,232,083	50.91%	14,760	71.04%
Condominium/Townhouse	463,276,572	4.74	2,394	11.52
Mobile Home	2,272,778	0.02	66	0.32
Mobile Home Park	6,625,577	0.07	5	0.02
2-4 Residential Units	359,059,451	3.67	1,111	5.35
5+ Residential Units/Apartments	696,414,381	7.13	286	1.38
Vacant Residential	10,917,539	0.11	164	0.79
Subtotal Residential	$6,513,798,381	66.65%	18,786	90.41%
Total	$9,773,440,516	100.00%	20,778	100.00%

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

Per Parcel Assessed Valuation of Single-Family Homes

The following table sets forth the per parcel assessed valuation of single-family homes and condominium/townhomes in fiscal year 2016-17.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes and Condominium/Townhomes
Fiscal Year 2016-17

	Total No. of Parcels	2016-17 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	14,760	$4,975,232,083	$337,075	$324,674
Condominiums/Townhomes	2,394	$ 463,276,572	$193,516	$177,941
Total	17,154	$5,438,508,655	$317,040	$291,282

2016-17 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	138	0.804%	0.804%	$ 6,174,226	0.114%	0.114%
$50,000 - $99,999	2,116	12.335	13.140	152,978,100	2.813	2.926
$100,000 - $149,999	1,425	8.307	21.447	180,362,846	3.316	6.243
$150,000 - $199,999	1,419	8.272	29.719	247,690,167	4.554	10.797
$200,000 - $249,999	1,962	11.438	41.157	444,692,384	8.177	18.974
$250,000 - $299,999	1,827	10.651	51.807	501,046,356	9.213	28.187
$300,000 - $349,999	1,475	8.599	60.406	479,134,104	8.810	36.997
$350,000 - $399,999	1,424	8.301	68.707	533,300,369	9.806	46.803
$400,000 - $449,999	1,316	7.672	76.379	559,676,369	10.291	57.094
$450,000 - $499,999	1,228	7.159	83.537	581,152,181	10.686	67.780
$500,000 - $549,999	885	5.159	88.697	461,880,481	8.493	76.273
$550,000 - $599,999	595	3.469	92.165	340,692,671	6.264	82.537
$600,000 - $649,999	433	2.524	94.689	269,739,284	4.960	87.497
$650,000 - $699,999	310	1.807	96.496	208,154,901	3.827	91.324
$700,000 - $749,999	264	1.539	98.035	190,686,322	3.506	94.830
$750,000 - $799,999	168	0.979	99.015	129,101,589	2.374	97.204
$800,000 - $849,999	81	0.472	99.487	66,182,847	1.217	98.421
$850,000 - $899,999	26	0.152	99.639	22,406,136	0.412	98.833
$900,000 - $949,999	20	0.117	99.755	18,299,957	0.336	99.170
$950,000 - $999,999	13	0.076	99.831	12,511,539	0.230	99.400
$1,000,000 and greater	29	0.169	100.000	32,645,826	0.600	100.000
	17,154	100.000%		$5,438,508,655	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in Appendix B.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Teeter Plan; Property Tax Collections

For the District's share of the 1% general fund apportionment, the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of such secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies for the 1% general fund apportionment if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at the County's option or if demanded by the participating taxing agencies.

Because the County does <u>not</u> participate in the Teeter Plan with respect to tax levies for debt service on general obligation bonds, secured property taxes actually collected for such purpose are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when such secured property taxes are actually collected.

As a consequence, the District's receipt of taxes levied for its general obligation bonds, including the Bonds, is subject to delinquencies.

The following tables show recent history of secured tax charges and delinquencies in the District.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
2008-09	10,738,553	579,970	5.40
2009-10	9,991,005	377,205	3.78
2010-11	9,785,805	284,455	2.91
2011-12	9,798,163	240,868	2.46
2012-13	10,342,360	178,737	1.73
2013-14	11,035,410	149,633	1.36
2014-15	10,761,962	138,373	1.29
2015-16	11,342,018	174,996	1.54

Fiscal Year	Secured Tax Charge[(2)]	Amt. Del. June 30	% Del. June 30
2008-09	5,681,334	215,765	3.80
2009-10	6,022,263	144,204	2.39
2010-11	6,999,632	145,971	2.09
2011-12	8,700,148	135,774	1.56
2012-13	8,949,463	116,596	1.30
2013-14	10,452,028	114,567	1.10
2014-15	11,308,567	112,249	0.99
2015-16	11,181,335	96,924	0.87

(1) 1% General Fund apportionment.
(2) District's general obligation bond debt service levy (not covered under the County's Teeter Plan).
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 10-001 (a typical tax rate area in the District) for fiscal years 2012-13 through 2016-17. The 2016-17 assessed valuation of TRA 10-001 is $2,958,247,502 or approximately 26.23% of the total assessed valuation of the District.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 10-001)

	2012-13	2013-14	2014-15	2015-16	2016-17
General	1.0000	1.0000	1.0000	1.0000	1.0000
San Leandro Unified School District	.1085	.1188	.1310	.1215	.1179
Chabot-Las Positas Community College District	.0219	.0214	.0217	.0198	.0246
Bay Area Rapid Transit District	.0043	.0075	.0045	.0026	.0080
East Bay Regional Park District	.0051	.0078	.0085	.0067	.0032
Total	1.1398	1.1555	1.1657	1.1506	1.1537

Source: California Municipal Statistics Inc.

Top Twenty Property Taxpayers

General. The top twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2016-17 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2016-17

Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total [1]
1. Ghirardelli Chocolate Company	Industrial	$ 124,898,550	1.28%
2. Kaiser Foundation Hospitals	Hospital	118,103,584 [2]	1.21
3. General Foods Corp.	Industrial	84,324,207	0.86
4. BCI Coca Cola Bottling Co. of LA	Industrial	83,342,287	0.85
5. Madison Bay Fair LLC	Shopping Center	82,673,787	0.85
6. AMB US Logistics Fund LP	Industrial	64,944,155	0.66
7. Safeway Stores Incorporated	Industrial	64,628,734	0.66
8. WL Westgate Venture LLC	Shopping Center	56,600,187	0.58
9. AMB-SGP CIF-I LLC	Industrial	53,438,667	0.55
10. Georgia Pacific	Industrial	51,554,086	0.53
11. Prologis USLV Newca 7 LLC	Industrial	51,089,917	0.52
12. Chill Build San Leandro LLC	Industrial	51,066,362	0.52
13. LBA CPT Industrial Co. II LLC	Industrial	47,402,543	0.49
14. Waste Management of Alameda County Inc.	Industrial	46,729,001	0.48
15. Creekside Plaza Partners LLC	Office Building	45,143,063	0.46
16. Gateway Buena Park Inc.	Shopping Center	38,664,290	0.40
17. AMB Property LP	Industrial	36,838,447	0.38
18. FPA Woodchase Apartments LLC	Apartments	31,468,797	0.32
19. World Savings & Loan Association	Office Building	31,359,766	0.32
20. BRCP San Leandro Industrial LLC	Industrial	30,556,138	0.31
		$1,194,826,568	12.23%

(1) 2016-17 Local Secured Assessed Valuation: $9,773,440,516.
(2) Net Taxable Value.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of October 1, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as

indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of October 1, 2016)

--to be updated--

2016-17 Assessed Valuation: $11,276,239,068

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/16	
Bay Area Rapid Transit District	1.745%	$ 9,139,438	
Chabot-Las Positas Community College District	10.214	54,794,535	
San Leandro Unified School District	**100.000**	**183,789,623**	(1)
East Bay Municipal Utility District, Special District No. 1	1.100	80,795	
City of Oakland	2.086	4,210,174	
City of San Leandro Cherrywood Community Facilities District	100.000	2,975,000	
East Bay Regional Park District	2.692	3,348,983	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$258,338,548	
OVERLAPPING GENERAL FUND DEBT:			
Alameda County General Fund Obligations	4.438%	$39,635,645	
Alameda County Pension Obligation Bonds	4.438	2,090,790	
Alameda-Contra Costa Transit District Certificates of Participation	5.256	926,370	
San Leandro Unified School District General Fund Obligations	**100.000**	**4,775,000**	
City of Oakland General Fund Obligations	2.086	3,766,976	
City of Oakland Pension Obligation Bonds	2.086	6,533,837	
City of San Leandro General Fund Obligations	85.869	21,637,271	
City of San Leandro Pension Obligation Bonds	85.869	12,317,908	
TOTAL OVERLAPPING GENERAL FUND DEBT		$91,683,797	
OVERLAPPING TAX INCREMENT DEBT:		$26,952,880	
COMBINED TOTAL DEBT		$376,975,225	(2)

Ratios to 2016-17 Assessed Valuation:

Direct Debt ($183,789,623)	**1.63%**
Total Direct and Overlapping Tax and Assessment Debt	2.29%
Total Direct Debt ($188,564,623)	**1.67%**
Combined Total Debt	3.34%

Ratios to 2016-17 Redevelopment Incremental Valuation ($2,071,568,236):

Total Overlapping Tax Increment Debt	1.30%

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an **"Annual Report"**) to the Municipal Securities Rulemaking Board not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2018 with the report for the 2016-17 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See "DEBT SERVICE SCHEDULES - Combined Debt Service Schedules" and Appendix B under the heading "FINANCIAL INFORMATION –Existing Debt Obligations – General Obligation Bonds." In the previous five years, specific instances of non-compliance with prior undertakings are that the District did not file event notices regarding rating changes of bond insurance companies that insured bonds for which the District was an obligated party in a timely manner, although such filings have been subsequently made. Additionally, the District filed two revised pages of the 2012 Audit three months after the filing due date. Identification of these instances of non-compliance does not constitute a representation that such instances are material pursuant to the Rule.

In order to assist it in complying with its disclosure undertakings for its outstanding obligations and the Bonds, the District has engaged California Financial Services to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "**Tax Code**").

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CERTAIN LEGAL MATTERS

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect, executed by an authorized officer of the District, will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is routinely subject to lawsuits and claims which occur in the regular course of operating the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the District (**"Bond Counsel"**). The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Jones Hall as Disclosure Counsel (**"Disclosure Counsel"**) and for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, as underwriter's counsel (**"Underwriter's Counsel"**). The fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds. The District has

covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original issue premium**" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

Form of Opinions. A copy of the proposed form of opinions of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above, including any federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject to, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("**S&P**") has assigned a rating of "___" to the Bonds. Such rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co., Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Series A Bonds at a price of $_____ (which is equal to the initial principal amount of the Series A Bonds, plus net original issue premium of $_____ and less Underwriter's discount of $_____). The Underwriter has agreed to purchase the Refunding Bonds at a price of $_____ (which is equal to the initial principal amount of the Refunding Bonds, plus net original issue premium of $_____ and less Underwriter's discount of $_____). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolutions and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

SAN LEANDRO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2016

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

GENERAL DISTRICT INFORMATION

The information in this and other sections concerning the District's operations, financial information, and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series A Bonds and Refunding Bonds are payable from the general fund of the District. The Series A Bonds and Refunding Bonds are payable solely from the proceeds of an ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

GENERAL INFORMATION

The District

The San Leandro Unified School District (the "**District**") was formed in 1952 and includes approximately 12.4 square miles in the central part of Alameda County. The District currently operates 13 schools, consisting of 8 elementary school (grades K-5), 2 middle schools (grades 6-8), 1 comprehensive high school (grades 9-12), 1 continuation high school, 1 adult school and 1 independent study program. The District's enrollment for 2016-17 is currently 8,649 students.

Superintendent and Administrative Personnel

The District is governed by a seven-member Board of Education, with each member elected to a four-year term in staggered years. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Diana J. Prola	President, Trustee Area 5	December 2020
Monique M. Tate	Trustee Area 1	December 2020
Lance James	Clerk, Trustee Area 2	December 2018
Leo Sheridan	Trustee Area 4	December 2018
Victor Aguilar, Jr.	Trustee Area 6	December 2020
Evelyn Gonzalez	Trustee Area 3	December 2020
Peter Oshinski	Trustee At Large	December 2020

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Michael McLaughlin, Ed.D. is serving in this capacity. Kevin Collins, Ed.D., is the Assistant Superintendent of Business and Operations.

Enrollment

The following table shows recent enrollment history for the District, with projected figures through fiscal year 2016-17.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Annual Enrollment
Fiscal Years 2005-06 through 2016-17

School Year	Enrollment	Percent Change
2005-06	8,724	--
2006-07	8,729	0.1%
2007-08	8,719	(0.1)
2008-09	8,795	0.9
2009-10	8,801	0.1
2010-11	8,822	0.2
2011-12	8,870	0.5
2012-13	8,704	(1.9)
2013-14	8,673	(0.4)
2014-15	8,617	(0.6)
2015-16	8,560	(0.7)
2016-17[(1)]	8,649	1.0

[(1)] Estimates.
Source: 2005-06 through 2015-16- California Department of Education. 2016-17 District projections.

Employee Relations

The District has approximately 456 full time equivalent ("**FTE")** certificated employees, 284 FTE classified employees and 53 FTE Management employees. Three bargaining units operate in the District. Teachers and other certified employees are represented by the San Leandro Teachers Association and are covered by a contract that expires on June 30, 2018. The California School Employees Association is the bargaining agent for most classified personnel and such personnel are covered by a contract that expires on June 30, 2018. Other classified personnel are represented by the Teamster Union Local 856/Alameda Building Trade and are covered by a contract that expires on June 30, 2017. The District has historically had a good working relationship with each of its bargaining units and has experienced no work stoppages by represented personnel in the past ten years.

District Insurance Coverage

The District maintains insurance or self insurance in such amounts and with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and worker's compensation, as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. For the year ended June 30, 2016, the District was insured up to state statutory limits for each worker's compensation claim and $5 million for each liability claim, with excess coverage that provides an overall limit of liability for the District of $20 million, and property coverage of $250 million. See "APPENDIX A-Audited Financial Statements of the District For Fiscal Year Ending June 30, 2016 – Note 12-Risk Management."

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and will be phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Based on revenue projections, districts will reach what is referred to as "full funding" in eight years, being fiscal year 2020-21. This projection assumes that the State's economy will improve each year; if the economy falters it could take longer to reach full funding.

The target LCFF amounts for State school districts and charter schools based on grade levels and Targeted Students is shown below.

Grade Span Funding at Full LCFF Implementation [(1)] (Target Amount)

Grade Span	Base Grant[(2)]	K-3 Class Size Reduction and 9-12 Adjustments	Average Assuming 0% Targeted Students	Average Assuming 25% Targeted Students	Average Assuming 50% Targeted Students	Average Assuming 100% Targeted Students
K-3	$6,845	$712	$7,557	$7,935	$8,313	$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	$216	8,505	8,930	9,355	12,119

(1) Full implementation of LCFF expected in fiscal year 2020-21.
(2) Does not include adjustments for cost of living.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in

proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, 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.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

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

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's Audited Financial Statements for the fiscal year ending fiscal year 2015-16 were prepared by Vavrinek, Trine, Day & Co., LLP (the "**Auditor**"). Audited financial statements for the District for the fiscal year ended June 30, 2016 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the 2015-16 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2011-12 through 2015-16.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2011-12 through 2015-16 (Audited)[(1)]
San Leandro Unified School District

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16
Revenues					
Revenue limit sources/LCFF[(1)]	$46,538,747	$47,042,609	$55,971,986	$63,133,986	$72,892,369
Federal revenues	6,403,946	5,888,816	5,580,111	4,024,338	4,533,313
Other state revenues	12,221,371	12,982,098	8,149,323	7,727,075	11,861,280
Other local revenues	3,149,736	2,914,308	3,745,076	4,558,763	3,608,170
Total Revenues	68,313,800	68,827,831	73,446,496	79,444,162	92,895,132
Expenditures					
Current					
Instruction	47,120,426	47,898,874	51,887,985	52,969,707	57,255,815
Instruction-related activities:					
Supervision of instruction	2,014,296	2,379,649	2,206,873	3,079,660	4,190,805
Library, media & technology	549,884	489,836	542,829	939,394	1,685,627
School site administration	5,693,182	5,808,857	5,823,708	5,816,101	6,360,241
Pupil services:					
Home-to-school transportation	1,041,980	1,035,764	1,168,847	1,152,774	1,054,989
Food services	--	110	--	173	--
All other pupil services	3,147,308	2,987,269	3,216,427	2,714,848	4,153,363
Administration:					
Data processing	304,426	504,291	541,259	1,239,483	1,385,953
All other administration	2,104,605	2,272,366	2,325,819	2,992,889	4,271,009
Plant services	5,867,972	5,943,508	6,486,460	7,145,199	7,911,322
Facility acquisition and construction	45,944	93,101	--	750,058	428,372
Ancillary services	238,928	237,172	234,699	234,240	481,891
Other outgo	1,156,522	1,155,425	1,140,554	1,152,054	1,165,025
Enterprise services	59,554	302,162	319,365	242,627	485,254
Principal	--	--	--	283,359	130,000
Interest and other	--	--	--	97,040	109,150
Total Expenditures	69,345,027	71,108,384	75,894,825	80,809,606	91,068,816
Excess of Revenues Over/(Under) Expend.	(1,031,227)	(2,280,553)	(2,448,329)	(1,365,444)	1,826,316
Other Financing Sources (Uses)					
Operating transfers in	1,130,571	800,572	775,088	2,391,821	270,049
Operating transfers out	(538,500)	(590,271)	(590,726)	(3,023,881)	(1,090,616)
Other sources (uses)	--	--	--	--	--
Total Other Fin. Source (Uses)	592,071	210,301	184,362	(632,060	(820,567)
Net change in fund balance	(439,156)	(2,070,252)	(2,263,967)	(1,997,504)	1,005,749
Fund Balance, July 1	11,644,653	11,205,497	9,135,245	6,871,278	4,873,774
Fund Balance, June 30	$11,205,497	$9,135,245	$6,871,278	$4,873,774	$5,879,523

(1) Local Control Funding Formula commenced in fiscal year 2013-14.
Source: San Leandro Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Alameda County Superintendent of Schools (the **"County Superintendent"**).

The County Superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that 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 is deemed unable

to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at San Leandro Unified School District, 14735 Juniper Street, San Leandro, California 94579, telephone: 510-667-3500. The District may impose charges for copying, mailing and handling.

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District's 2016-17 General Fund Budget and First Interim Projections. The following table shows the budgeted revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2016-17 (adopted budget and first interim projections).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE [(1)]
Fiscal Year 2016-17 (Adopted Budget and First Interim Projections)
San Leandro Unified School District

	Budgeted 2016-17	First Interim Projections 2016-17
Revenues		
LCFF Sources	$73,153,015	$75,443,327
Federal revenues	4,122,087	4,302,714
Other state revenues	7,830,098	9,952,126
Other local revenues	4,934,777	4,858,180
Total Revenues	90,039,977	94,556,347
Expenditures		
Certificated salaries	46,463,756	48,239,215
Classified salaries	12,164,209	12,364,885
Employee benefits	15,037,441	16,693,248
Books and supplies	3,237,782	3,591,976
Contract services & operating exp.	11,611,790	13,738,669
Capital outlay	15,896	85,581
Other outgo (excluding indirect costs)	1,691,707	1,783,614
Other outgo – transfers of indirect costs	(267,564)	(267,564)
Total expenditures	89,955,017	96,229,624
Excess of revenues over/(under) expenditures	84,960	(1,673,277)
Other financing sources (Uses)		
Operating transfers in	--	288,000
Operating transfers out	(675,505)	(131,000)
Total other financing sources (uses)	(675,505)	157,000
Net change in fund balance	(590,545)	(1,561,277)
Fund balance, July 1	5,879,520	5,879,520
Fund balance, June 30	$5,288,975	$4,363,243

(1) Totals may not foot due to rounding.
Source: San Leandro Unified School District Fiscal Year 2016-17 Adopted Budget and 2016-17 First Interim Report.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which

limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

In August of 2015, Senate Bill 799 ("**SB 799**") was introduced into the State Senate in response to SB 858 proposing reforms to the reserve cap. SB 799 proposes a cap on unassigned reserves and special reserves for other than capital outlay of seventeen percent, with exemptions from the cap for school districts with less then 2,500 average daily attendance and basic aid districts.

The District cannot predict how SB 858 or SB 799, if enacted, will impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target.

The following table sets forth historical revenue limit funding for the District through fiscal year 2012-13, prior to implementation of the LCFF.

AVERAGE DAILY ATTENDANCE AND FUNDED REVENUE LIMIT
Fiscal Years 2005-06 through 2012-13
San Leandro Unified School District

Fiscal Year	P-2 ADA	Base Revenue Limit Per ADA	Funded Revenue Limit per ADA
2005-06	8,412	$5,198	$5,198
2006-07	8,316	5,560	5,560
2007-08	8,301	5,812	5,812
2008-09	8,384	6,141	5,389
2009-10	8,379	6,403	4,978
2010-11	8,422	6,400	4,982
2011-12	8,479	6,521	4,930
2012-13	8,492	6,733	4,983

Source: San Leandro Unified School District.

The LCFF was implemented beginning in fiscal year 2013-14. The following table sets forth LCFF funding for the District for fiscal year 2013-14 through 2016-17 (Budgeted).

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 through 2016-17 (Budgeted)
San Leandro Unified School District

Fiscal Year	ADA[(1)]	LCFF "Phase-In" Entitlement Per ADA[(2)]
2013-14	8,296.35	$6,750
2014-15	8,178.46	7,567
2015-16	8,163.36	8,580
2016-17	8,303	**[**9,021**]**

(1) Budgeted FY 2016-17
(2) Represents average across grade spans.
Source: San Leandro Unified School District.

Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. Concentration grant funding is available for districts with unduplicated counts above 55%. The District's percentage of unduplicated students is above 55%, at over 65% and therefore the District is eligible for both supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act,

the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's LCFF funding entitlement and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "-State Funding of Education; Recent State Budgets."

Other Local Revenues. The District receives additional local revenues from items such as lease income, interest earnings, rental income, donations and other local sources, including a voter-approved parcel tax and the District's Education Foundation, both described in more detail below.

Parcel Tax Measure. At the November 6, 2012 election, the qualified voters in the District approved Measure L, a $39 per parcel annual tax to be levied on parcels in the District. The parcel tax ends in fiscal year 2017-18 and has an exemption available for qualifying seniors. The District receives approximately $750,000 annually in Measure L parcel tax revenues and has included this amount in its fiscal year 2016-17 Budget. No assurances can be given that the District will submit an extension of such parcel tax to the voters following the expiration of the current tax, or that the voters would approve any such extension by the required two-thirds vote.

San Leandro Education Foundation. The Foundation was established in 2008 in order to bring additional funding and programming to District schools. Since its founding, over $900,000 in donations have been secured. In 2015, the Foundation raised $209,801 in the form of grants, donations, sponsorships and event revenue.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the financial statements for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2016" for further information.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's contribution to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
San Leandro Unified School District
Fiscal Years 2010-11 through 2016-17 (Projected)

Fiscal Year	Amount
2010-11	$3,068,640
2011-12	3,202,455
2012-13	3,227,688
2013-14	3,444,168
2014-15	3,893,895
2015-16	4,806,023
2016-17[(1)]	9,464,660

(1) Projected. Increase in fiscal years 2015-16 and 2016-17 attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
Source: San Leandro Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of

investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $76.2 billion as of June 30, 2015 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2016-17 through 2020-21

Fiscal Year	Projected Employer Contribution Rate[(1)]
2016-17	12.58%
2017-18	14.43
2018-19	16.28
2019-20	18.13
2020-21	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
San Leandro Unified School District
Fiscal Years 2010-11 through 2016-17 (Projected)

Fiscal Year	Amount
2010-11	$1,073,550
2011-12	1,108,185
2012-13	1,174,421
2013-14	1,311,855
2014-15	1,394,910
2015-16	1,526,315
2016-17[(1)]	1,807,912

(1) Projected.
Source: San Leandro Unified School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $16.5 billion as of June 30, 2015 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2016, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 11.771% and 11.847%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2016-17 through 2020-21[(1)]

Fiscal Year	Projected Employer Contribution Rate[(2)]
2016-17	13.888%
2017-18	15.500
2018-19	17.100
2019-20	18.600
2020-21	19.800

(1) Rates were re-estimated by PERS in 2016. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public

employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, except the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. 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 a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. 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 have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 13 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

The Plan Generally. The postemployment Benefits Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 159 retirees and beneficiaries currently receiving benefits, and 22 active plan members. For fiscal year 2015-16, the District contributed $923,879 to the plan, all of which was used for current premiums. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2016- Note 11."

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (**"OPEB"**) cost is calculated based on the annual required contribution of the employer (**"ARC"**), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board Statement No. 45 (**"GASB 45"**). GASB 45 requires local government employers who provide OPEB as part of the compensation offered to employees to recognize the expense and related liabilities and assets in their financial statements.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (**"UAAL"**) over a period not to exceed thirty years. The following table from the District's 2015-16 Audit shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 646,349
Interest on net OPEB obligation	33,630
Annual OPEB cost (expense)	679,979
Contributions made	(923,879)
Increase (decrease) in net OPEB obligation	243,900
Net OPEB obligation, beginning of year	872,334
Net OPEB obligation, end of year	$ 628,434

Trend Information. The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended (June 30)	Annual OPEB Cost	Actual Contribution	% Contributed	Net OPEB Obligation
2013	$664,449	$564,077	84.9%	$522,958
2014	627,922	513,843	81.8	637,037
2015	631,848	396,551	62.8	872,334
2016	679,979	923,879	135.9	628,434

Source: San Leandro Unified School District Audited Financial Statement for Fiscal Year 2015-16.

OPEB Funded Status and Funding Progress. In the July 1, 2013 actuarial valuation, the most recent actuarial valuation date, the projected unit credit method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses). Healthcare cost trend rates ranged from an initial 7% to an ultimate rate of 3%. The UAAL is being amortized at a level percentage of projected payroll method. The remaining amortization period at July 1, 2013 was 15 years. The actuarial value of assets was not determined in this actuarial valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Long-Term Indebtedness

The District has never defaulted on the payment of principal or interest on any of its indebtedness.

General Obligation Bonds. The District has issued general obligation bonds and refunding general obligation pursuant to voter approvals received in 1997, 2006 and 2010. The following table summarizes the District's outstanding General Obligation bonds indebtedness.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bonds

--to be updated--

Issue Date	Original Principal Amount	Name of Issue	Final Maturity	Amount Outstanding 01/01/2017*
03/07/2007	$29,000,000.00	General Obligation Bonds, Election of 2006, Series A	08/01/31	$
03/07/2007	39,210,000.00	2007 General Obligation Refunding Bonds	08/01/28	
03/31/2009	30,000,000.00	General Obligation Bonds, Election of 2006, Series B	08/01/19	1,090,000
01/27/2010	19,999,042.70	General Obligation Bonds, Election of 2006, Series C	08/01/39	12,980,063
05/20/2010	18,327,343.98	General Obligation Bonds, Election of 2006, Series D(1)	02/01/26	15,894,560
05/24/2011	30,000,000.00	General Obligation Bonds, Election of 2010, Series A	08/01/41	29,100,000
10/19/2011	7,560,000.00	2011 General Obligation Refunding Bonds	08/01/22	4,330,000
08/01/2013	11,670,000.00	General Obligation Bonds, Election of 2006, Series E	08/01/26	10,335,000
08/01/2013	20,100,000.00	General Obligation Bonds, Election of 2010, Series B	08/01/38	19,935,000
04/07/2015	11,745,000.00	General Obligation Refunding Bonds, Series 2015A	08/01/29	11,745,000
06/04/2015	31,275,000.00	General Obligation Refunding Bonds, Series 2015B	08/01/33	30,455,000
11/23/2016	17,900,000.00	2016 Refunding General Obligation Bonds	08/01/31	17,900,000
Total	$266,786,386.68			

*Not including accreted value with respect to 2006 Series C capital appreciation bonds.
(1) The Series D Bonds were privately placed with the California Qualified School Bond Joint Powers Authority. Debt service payments on the Series D Bonds provide for the payment, together with a qualified school construction bond federal subsidy payment relating to a portion of interest, on the Authority's outstanding 2010 General Obligation Revenue Bonds, which were originally sold on a private placement basis to JP Morgan Chase Bank, N.A.
Source: San Leandro Unified School District.

Debt service payments on the bonds described in the foregoing table, including the Bonds described herein, are payable from *ad valorem* taxes levied and collected by the County on assessed property in the District. Below is more detail regarding the District's prior bond authorizations.

2006 Authorization. On November 7, 2006, the voters of the District approved authorization of $109 million in general obligation bonds (the "**2006 Authorization**"), of which $108,996,386 has been issued in five series between 2007 and 2013. Certain maturities of

bonds issued pursuant to the 2006 Authorization have been refinanced with Refunding General Obligation bonds.

2010 Authorization. On November 2, 2010, the voters of the District approved authorization of $50.1 million in general obligation bonds (the "**2010 Authorization**"), which was issued by the District in two separate series issued in 2011 and 2013.

2016 Authorization. On the November 8, 2016, the voters of the District approved authorization of $104 million in general obligation bonds (the "**2016 Authorization**"). The Bonds as described herein are the first series of bonds to be issued pursuant to the 2016 Authorization.

Lease Obligations – Certificates of Participation. On February 5, 1997 the District issued variable rate demand certificates of participation through the Alameda-Contra Costa Schools Financing Authority Series B Certificates of Participation (the "**COPs**") in the amount of $2,670,000 with variable interest rates payable from 1998 through 2016. The COPs were used to finance the acquisition of portables and other capital assets. This lease was refinanced in February 2010 (the "**2010 Lease**"). The 2010 Lease has semi-annual payments through February 2017. The outstanding principal amount as of June 30, 2016 was $400,236. The 2010 Lease is payable from funds designated for capital expenditures.

Capital Lease Obligation. The District has other capital lease obligations for various facilities and equipment. The District's liability on these lease agreements, with options to purchase, totaled $1,332,223 as of June 30, 2016.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Alameda County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - Alameda County Investment Policy and Recent Investment Report."

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can

impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" on the following page.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed 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 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 Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each House of the Legislature. 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 Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the Legislature, and be signed by the Governor. 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.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below 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.*

1. The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

2. The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

3. The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

4. The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2006-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2016-17 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. See "DISTRICT FINANCIAL INFORMATION - Education Funding Generally. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2016-17 Adopted State Budget

On June 27, 2016, the Governor signed the 2016-17 State Budget (the "**2016-17 State Budget**") into law with an effective date of July 1, 2016. The 2016-17 State Budget package calls for $122.5 billion in general fund spending and $44.6 billion in special fund spending, along with $3.6 billion in bond spending. The 2016-17 State Budget includes more money for higher education, repeals a cap on welfare payments, raises rates for child care providers and puts an additional $3.3 billion into the State's rainy-day reserve, including an optional $2 billion shift to protect against a future economic downturn. The 2016-17 State Budget establishes a multiyear plan that is balanced and that, among other items, provides for the following:

- contributions to both State budget reserves: the Special Fund for Economic Uncertainties, the State's discretionary reserve, and the Budget Stabilization Account, the state's constitutional rainy day fund, raising such reserves to $6.7 billion;

- an increase in funding for K-12 schools of more than $2.9 billion (representing an increase of 5.4 percent over the LCFF funding level for fiscal year 2014-15 and bringing the LCFF level implementation to 96% complete);

- an increase of more than $1.3 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion (for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards);

- a $1.6 billion early education block grant by combining three existing programs to promote local flexibility, focusing on disadvantaged students and improved accountability;

- $807 million for Statewide deferred maintenance at levees, state parks, universities, community colleges, prisons, State hospitals, and other State facilities;

- a $3.1 billion cap-and-trade expenditure plan to reduce greenhouse gas emissions;

- over $2 billion in funds for various infrastructure improvements, $688 million for critical deferred maintenance at levees, State parks, universities, community colleges, prisons, state hospitals, and other State facilities;

- a $1.2 billion pay-down of debt and liabilities from Proposition 2 funds; and

- $710 million to pay for the costs of wildfires and for other effects of the drought.

2017-18 Proposed State Budget

On January 10, 2017, the Governor released his proposed State Budget for fiscal year 2017-18 (the **"2017-18 Proposed Budget"**). The 2017-18 Proposed Budget includes $177.1 billion in general fund and special fund spending, and identifies a budget deficit of $2 billion. Proposals included to address the deficit include proposed reductions in planned spending. The 2017-18 Proposed Budget indicates that since the signing of the 2016-17 Budget, State revenues have been lower than previously forecast in five out of the seven past months, and revenues attributed to wage growth have been less than expected. Notwithstanding these variables, State revenues are expected to grow three percent in the coming year. Proposed actions to bring the budget into balance include adjusting the Proposition 98 minimum guarantee on education funding to avoid over-appropriation, and eliminate the authority contained in the 2016-17 Budget for various one-time spending that remains uncommitted, largely with respect to eliminating the $400 million set-aside for affordable housing that was never allocated and a $300 million transfer to modernize State office buildings planned for 2017-18. The Governor is required to release a May Revision to his proposed budget by May 14 of each year. It is expected that the May Revision will reduce or eliminate proposed cuts in spending if revenues recover in the coming months.

Availability of 2016-17 State Budget and 2017-18 Proposed Budget

The complete 2016-17 State Budget and the 2017-18 Proposed Budget are available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Series A Bonds or the Refunding Bonds.

Uncertainty Regarding Future State Budgets

The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future changing revenues and expenditures. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

Disclaimer Regarding State Budgets

The State has not entered into any contractual commitment with the District, the County, or the Owners of the Series A Bonds or the Refunding Bonds to provide State budget information to the District or the owners of the Series A Bonds or the Refunding Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriters assume any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein. However, the Series A Bonds and the Refunding Bonds are secured by *ad valorem* taxes levied and collected

on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series A Bonds and the Refunding Bondsis payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Series A Bonds and the Refunding Bonds. The tax levied by the County for payment of the Series A Bonds and the Refunding Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) 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 district, but only if certain accountability measures are included in the proposition (which provided the authority for the issuance of the 2011 Bonds). Article XIIIA defines full cash value to mean "the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the

1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Alameda County Superior Court, in *County of Alameda v. Alameda County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Alameda County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB (**"Article XIIIB"**) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB 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 in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 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 permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (**"unitary property"**). Under the State Constitution, such property is assessed by the State Board of Equalization (**"SBE"**) as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, **"Article XIIIC"** and **"Article XIIID"**), 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.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a

"special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Series A Bonds or the Refunding Bonds.

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**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" (**"Proposition 111"**) which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior

law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the **"first test"**) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the **"second test"**). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the **"third test"**). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as **"Proposition 39"**) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local

government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over $340,000 but less than $408,000 for heads of household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for heads of household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for heads of household filers).

The revenues generated from the temporary tax increases are being included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA are being allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these

spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2006-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 (**"SB 222"**) was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Series F Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF SAN LEANDRO AND ALAMEDA COUNTY

*The following information concerning the City of San Leandro (the **"City"**) and Alameda County (the **"County"**) is included only for the purpose of supplying general information regarding the area of the District. The Series A Bonds and the Refunding Bonds are not a debt of the City, the County, the State of California (the **"State"**) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

The City

General Information. The City encompasses 15.5 square miles located in central Alameda County, about 20 miles southeast of San Francisco and 390 miles north of Los Angeles. The City is a well diversified community with residential, commercial, and industrial development within the City. The industrial makeup of the City has been changing, moving away from its traditional manufacturing base toward more of an emphasis on services and warehousing industries. The median temperatures for January and July are 48.6 degrees Fahrenheit and 63.1 degrees Fahrenheit respectively. Rainfall averages 18.69 inches per year.

Municipal Government. Incorporated in 1872, the City is a charter city organized under a Mayor, Council, City Manager form of government. The City Council consists of six Members from six districts and a Mayor. The Mayor and Councilmembers are nominated by district and elected at large. Each may serve a maximum of two consecutive four year terms.

The City Council appoints the City Manager, who is the City's Chief Administrative Officer. The City Manager directs and supervises all City departments, prepares and administers the annual City budget, and plans and implements key projects.

The County

The County is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

Population

The following table shows population estimates for the City and the County for the past five years as of January 1.

ALAMEDA COUNTY
Population Estimates
Calendar Years 2012 through 2016 as of January 1

	2012	2013	2014	2015	2016
Alameda	75,210	76,074	76,785	77,657	79,277
Albany	18,625	18,668	18,682	18,841	18,893
Berkeley	115,199	116,074	117,399	118,923	119,915
Dublin	46,956	50,079	53,512	56,014	57,349
Emeryville	10,361	10,592	10,822	10,967	11,721
Fremont	218,810	221,397	224,836	227,582	229,324
Hayward	149,078	152,590	154,832	157,305	158,985
Livermore	82,772	83,768	85,049	86,368	88,138
Newark	43,189	43,464	43,835	44,284	44,733
Oakland	400,281	408,822	413,626	419,539	422,856
Piedmont	10,844	10,921	11,018	11,138	11,219
Pleasanton	71,117	71,153	71,990	73,776	74,982
San Leandro	85,889	85,847	86,453	87,209	87,700
Union City	70,733	71,172	71,719	72,412	72,952
Unincorporated County	1,399,064	1,420,621	1,440,558	1,462,015	1,478,044
County Total	1,543,027	1,566,339	1,587,637	1,610,765	1,627,865

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The District is included in the Oakland-Hayward-Berkeley Metropolitan Division ("**MD**"). The unemployment rate in the MD was 3.9% in December 2016, down from a revised 4.0% in November 2016, and below the year-ago estimate of 4.4%. This compares with an unadjusted unemployment rate of 5.0% for the State and 4.5% for the nation during the same period. The unemployment rate was 3.8% in the County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2011 to 2015. Annual figures are not yet available for calendar year 2016.

OAKLAND- HAYWARD-BERKELEY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2015 Benchmark)

	2011	2012	2013	2014	2015
Civilian Labor Force [1]	1,316,300	1,336,300	1,344,100	1,355,600	1,374,800
Employment	1,182,400	1,218,700	1,245,500	1,275,000	1,308,100
Unemployment	133,900	117,500	98,600	80,600	66,700
Unemployment Rate	10.2%	8.8%	7.3%	5.9%	4.8%
Wage and Salary Employment: [2]					
Agriculture	1,500	1,500	1,400	1,300	1,200
Mining and Logging	1,000	900	900	800	900
Construction	47,600	52,000	56,400	58,600	62,400
Manufacturing	79,700	79,900	80,100	82,800	86,600
Wholesale Trade	42,200	43,700	45,200	46,200	47,600
Retail Trade	101,200	104,100	107,700	109,900	113,000
Transportation, Warehousing, Utilities	32,200	32,900	33,500	35,600	38,300
Information	22,600	22,100	21,500	21,300	22,400
Finance and Insurance	32,900	33,400	33,500	32,600	32,800
Real Estate and Rental and Leasing	14,900	15,400	16,200	16,800	16,800
Professional and Business Services	157,500	166,500	173,400	178,800	183,000
Educational and Health Services	158,900	164,700	170,500	173,100	178,400
Leisure and Hospitality	88,200	91,800	97,200	102,100	106,300
Other Services	35,700	36,400	37,000	37,500	38,000
Federal Government	14,600	14,200	13,800	13,800	13,800
State Government	38,300	38,500	38,900	39,300	39,800
Local Government	111,000	110,100	110,600	113,400	115,200
Total, All Industries [3]	980,100	1,008,000	1,037,500	1,063,600	1,096,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County as of January 1, 2016, listed in order of greatest number of employees.

COUNTY OF ALAMEDA
Major Employers

Employer	Number of Employees
Kaiser Permanente Medical Group Inc.	28,481
Safeway Inc.	11,553
County of Alameda	8,690
Chevron Corporation	6,244
John Muir Health	6,181
Wells Fargo Bank	5,326
PG&E Corporation	5,154
UPS	4,980
Lam Research Corporation	4,500
Alta Bates Summit Medical Center	4,122

Source: County of Alameda Comprehensive Annual Financial Report for fiscal year ended June 30, 2016.

The following table lists the major employers within the City as of June 30, 2016, listed in order of greatest number of employees.

CITY OF SAN LEANDRO
Major Employers

Employer	Number of Employees
Kaiser Permanente	3,400
San Leandro Unified School District	1,246
City of San Leandro	549
Ghiradelli Chocolate Co.	515
San Leandro Hospital	500
Walmart	478
Peterson Cat	475
Paramedics Plus LLC	475
Safeway	426
Costco	390

Source: City of San Leandro Comprehensive Annual Financial Report for fiscal year ended June 30, 2016.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years for which data is available is shown in the following table. Annual figures for 2015 are not yet available.

Total taxable sales during calendar year 2015 in the City were reported to be $2.44 billion, an 8.55% increase over the total taxable sales of $2.25 billion reported during calendar year 2015.

CITY OF SAN LEANDRO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	1,312	$1,203,146	2,309	$1,775,210
2012	1,341	1,273,883	2,322	1,867,865
2013	1,304	1,348,729	2,273	2,026,119
2014	1,290	1,378,120	2,258	2,246,508
2015	N/A	1,433,968	N/A	2,438,670

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during calendar year 2015 in the County were reported to be $29.77 billion, a 4.91% increase over the total taxable sales of $28.38 billion reported during calendar year 2015.

ALAMEDA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	24,809	$14,519,756	38,577	$23,430,799
2012	26,027	15,781,349	39,706	25,181,571
2013	27,017	16,893,102	40,662	26,624,571
2014	27,152	17,820,857	40,746	28,377,714
2015	N/A	18,702,805	N/A	29,770,157

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Provided below are the building permits and valuations for the City and the County, for calendar years 2011 through 2015. Annual figures for 2016 are not yet available.

CITY OF SAN LEANDRO
Total Building Permit Valuations
(Valuations in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$905.9	$1,665.7	$897.1	$365.9	$ 0.0
New Multi-family	0.0	0.0	0.0	18,075.1	0.0
Res. Alterations/Additions	7,716.9	13,600.4	12,935.8	8,843.6	2,365.9
Total Residential	8,622.8	15,266.1	13,832.9	27,284.60	2,365.9
New Commercial	89,173.0	2,020.0	3,266.4	6,021.3	14.0
New Industrial	4,400.0	375.0	74.5	33,182.0	0.0
New Other	330.0	0.0	732.0	5,826.8	207.2
Com. Alterations/Additions	11,016.3	17,108.2	28,855.9	23,028.6	2,066.6
Total Nonresidential	104,919.3	19,503.2	32,928.8	68,058.7	2,287.8
New Dwelling Units					
Single Family	4	4	2	1	0
Multiple Family	0	0	0	115	0
TOTAL	4	4	2	116	0

(1) Totals may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$269,312.8	$372,939.4	$451,279.5	$400,498.1	$576,948.5
New Multi-family	249,684.1	343,669.8	300,514.9	392,331.4	456,361.3
Res. Alterations/Additions	273,631.8	235,264.8	227,675.7	325,493.9	344,975.9
Total Residential	792,628.7	951,874.0	979,470.2	1,118,323.4	1,378,285.7
New Commercial	261,804.2	94,705.8	122,360.6	175,958.9	187,303.4
New Industrial	17,485.7	29,808.2	140,059.5	102,926.6	92,470.2
New Other	37,504.6	6,764.1	49,801.8	147,944.7	193,029.9
Com. Alterations/Additions	392,163.7	352,261.1	364,237.6	599,941.3	673,633.6
Total Nonresidential	708,958.2	483,539.2	676,459.5	1,026,771.5	1,146,437.1
New Dwelling Units					
Single Family	817	1,119	1,339	1,076	1,671
Multiple Family	1,352	1,508	2,023	2,048	3,370
TOTAL	2,169	2,627	3,362	3,124	5,041

(1) Totals may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2011 through 2015. Effective buying income is not yet available for calendar year 2016.

CITY OF SAN LEANDRO; ALAMEDA COUNTY; STATE OF CALIFORNIA; UNITED STATES
Effective Buying Income
As of January 1, 2011 through 2015

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	City of San Leandro	$1,831,193	$48,748
	Alameda County	39,064,683	54,542
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of San Leandro	$1,886,158	$48,664
	Alameda County	43,677,855	55,396
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of San Leandro	$1,946,680	$49,747
	Alameda County	43,770,518	57,467
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of San Leandro	$2,072,030	$52,266
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of San Leandro	$2,274,225	$55,822
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: The Nielsen Company (US), Inc.

Education

The City is served by two school districts. The San Leandro Unified School District is composed of 12 public schools consisting of eight elementary schools, two middle schools, one continuation high school, and one comprehensive high school. The San Lorenzo Unified School District also serves a portion of San Leandro students at two elementary schools, one middle school, and one high school. San Leandro also has a number of parochial schools located within the city and in adjacent communities. Higher education opportunities are available nearby at some of the nation's best educational institutions. These include the University of California at Berkeley, Stanford University in Palo Alto, California State University East Bay in Hayward, and Chabot Community College in Hayward.

Recreation and Leisure

The Shoreline Recreation Area offers opportunities for outdoor enthusiasts. This destination spot includes 27 holes of nationally acclaimed Bayside golf with a full-service clubhouse and an all-weather practice facility, a 131-room hotel, two restaurants overlooking the Bay, a 455-slip yacht harbor, a sheltered sailing lagoon, and a marina. There is also a 20-acre park with a sand volleyball court, picnic tables with barbeques, two playgrounds, an exercise par course, and the San Francisco Bay trail for hiking and bicycling.

The Main Library is located in the downtown area and includes a senior meeting facility, lecture hall, and meeting rooms. The Main Library is the hub for many community recreational activities, including leisure classes for all ages, special events, and programs such as the Trivia Bee and Project Literacy. The community is also served by three neighborhood branch libraries. The community enjoys a variety of celebrations such as a Holiday Tree Lighting event, the Miracle on East 14th Street festival, and a variety of multicultural celebrations. The Marina Community Center, located in the western part of the City, is available to the community for celebrations, meetings, and leisure classes.

Transportation

Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provide access to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley.

San Leandro is located 7 miles from the Oakland International Airport, 35 miles from San Jose Municipal Airport and 25 miles from San Francisco International Airport. Deep-water shipping facilities are available at the Port of Oakland and the Port of San Francisco, 10 miles and 20 miles from the City, respectively.

A.C. Transit provides regional bus service and connects with the Greyhound Terminal and two San Leandro Bay Area Rapid Transit (BART) stations. Two Bay Area Rapid Transit (BART) stations in the city connect San Leandro with San Francisco and cities in four county areas. San Leandro LINKS is a shuttle bus program for transporting employees in west San Leandro to and from the Downtown BART station. Three nearby international airports link San Leandro residents and businesses with every destination in the world. Oakland International Airport is just minutes away. The Port of Oakland, one of the West Coast's largest containerized cargo shipping facilities, is just 10 miles north of San Leandro. The Port's deep-water container terminal is the fourth largest and busiest in the nation, one of the top 40 container ports globally,

and is served by over 35 shipping lines. San Leandro's prime location in the Bay Area benefits both the residents and the business community.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL
Opinion Relating to Series A Bonds

[Closing Date]

Board of Education
San Leandro Unified School District
901 Andrade Avenue
San Leandro, California 92231

OPINION: $_____ San Leandro Unified School District
(Alameda County, California)
General Obligation Bonds, Election of 2016, Series A

Ladies and Gentlemen:

We have acted as bond counsel to the San Leandro Unified School District (the "District") in connection with the issuance by the District of its San Leandro Unified School District (Alameda County, California) 2016 General Obligation Bonds, Series A in the aggregate principal amount of $_____ (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. ____ adopted by the Board of Education of the District (the "Board") on March 14, 2017 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Alameda County is obligated under the laws of the State of California to cause to be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution and in other instruments relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

Opinion Relating to Refunding Bonds

[Closing Date]

Board of Education
San Leandro Unified School District
901 Andrade Avenue
San Leandro, California 92231

OPINION: $_____ San Leandro Unified School District
(Alameda County, California)
2017 Refunding General Obligation Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the San Leandro Unified School District (the "District") in connection with the issuance by the District of its San Leandro Unified School District (Alameda County, California) 2017 General Obligation Refunding Bonds in the aggregate principal amount of $_____ (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code, and Resolution No. ____ adopted by the Board of Education of the District (the "Board") on March 14, 2017 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Alameda County is obligated under the laws of the State of California to cause to be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum

tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution and in other instruments relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series A

$_____*
SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2017 Refunding General Obligation Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Leandro Unified School District (the "District") in connection with the issuance of $_____ aggregate principal amount of San Leandro Unified School District School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series A and $_____ aggregate principal amount of San Leandro Unified School District School District (Alameda County, California) 2017 General Obligation Refunding Bonds (collectively, the "Bonds"). The Bonds are being issued under Resolutions adopted by the Board of Education of the District on March 14, 2017 (the "Bond Resolutions"). The District covenants and agrees as follows:

Section 1. **Purpose of the Disclosure Certificate**. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), or March 31.

"*Dissemination Agent*" means, initially, _____, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means Bank of New York Mellon Trust Company, N.A., or any successor thereto.

"*Participating Underwriter*" means the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports**.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018 with the report for the 2016-17 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) 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 the previous sentence. 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; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if 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(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder. The Official Statement for the Bonds shall satisfy the requirements of the Rule for fiscal year 2015-16.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. **Content of Annual Reports**. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information shall be provided in the Annual Report:

(i) assessed valuation of taxable properties in the District for the most recently completed fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year;

(iii) if the District's general obligation bond levies are no longer included in the County of Imperial's Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year or if not available at the time of the filing of the Annual Report for the prior fiscal year, and only if available from the County at the time of filing the Annual Report;

(iv) the District's most recently adopted budget or interim report available at the time of filing the Annual Report; and

(v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. **Reporting of Significant Events**.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

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

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

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

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

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) 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.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above 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 United States

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.

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

Section 7. **Termination of Reporting Obligation**. The District'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(c).

Section 8. **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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be _____. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. **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 the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in

narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds 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.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent**.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Date: _____ __, 2017

SAN LEANDRO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT:

_____

By:_____
Name: _____
Title:_____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: San Leandro Unified School District

Name of Bond Issue: $_____ aggregate principal amount of San Leandro Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series A

$_____ aggregate principal amount of San Leandro Unified School District (Alameda County, California) 2017 General Obligation Refunding Bonds

Date of Issuance: _____ __, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the resolution adopted by the Board of Education of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

_____,
as Dissemination Agent

By: _____
Authorized Officer

Cc: San Leandro Unified School District

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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. *The information contained on this Internet site is not incorporated herein by reference.*

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

4. 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

6. Redemption notices will 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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).

8. Redemption proceeds, distributions, and interest 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 District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. 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, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

ALAMEDA COUNTY INVESTMENT POLICY AND RECENT INVESTMENT REPORT