

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATINGS: See “RATINGS” herein.**

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

**\$48,040,000**  
**ROBLA SCHOOL DISTRICT**  
**(Sacramento County, California)**

**\$460,000**  
**General Obligation Bonds**  
**Election of 1992, Series 2019J**

**\$46,200,000**  
**General Obligation Bonds**  
**Election of 2018, Series 2019A**

**\$1,380,000**  
**2019 General Obligation**  
**Refunding Bonds**

**Dated: Date of Delivery**

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

The General Obligation Bonds, Election of 1992, Series 2019J (the “2019J Bonds”) of the Robla School District (the “District”) were authorized by an election held within the District on June 2, 1992 (the “1992 Authorization”), and are expected to be the eighth and final issuance of bonds under the 1992 Authorization. The General Obligation Bonds, Election of 2018, Series 2019A (the “2019A Bonds,” and, together with the 2019J Bonds, the “New Money Bonds”) of the District were authorized by an election held within the District on November 6, 2018 (the “2018 Authorization”), and are expected to be the first and only series of bonds issued under the 2018 Authorization.

The New Money Bonds are offered hereunder by the District and are issued for the purposes of (i) financing the construction and improvement of certain District facilities (ii) funding a portion of capitalized interest on the New Money Bonds, which will be applied to interest due through August 1, 2022, and (iii) paying the related costs of issuance of the New Money Bonds, as more fully described under the caption “PLAN OF FINANCE” herein.

The 2019 General Obligation Refunding Bonds (the “Refunding Bonds,” and, together with the New Money Bonds, the “Bonds”) are being issued by the District for the purposes of (i) refunding a portion of the District’s outstanding General Obligation Bonds, Election of 1992 Series 2003D (the “2003 Prior Bonds”); (ii) refunding a portion of the District’s outstanding General Obligation Bonds, Election of 1992 Series 2007E (the “2007 Prior Bonds” and, together with the 2003 Prior Bonds, the “Prior Bonds”); and (iii) paying the related costs of issuance of the Refunding Bonds, as more fully described under “PLAN OF FINANCE” herein.

The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover hereof. Interest on the Bonds is payable commencing August 1, 2019, payable semiannually thereafter on February 1 and August 1 of each year. The Bonds are being issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds described in APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto. Payments of the principal of and interest on the Bonds will be made by the Director of Finance of the County, as initial paying agent, registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC’s Direct Participants (defined herein) to the beneficial owners of the Bonds. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein.

**The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.** See “THE BONDS – Redemption” herein.

The Bonds are general obligations of the District only and are not obligations of the County of Sacramento (the “County”), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, premium, if any, and interest on each Bond as the same becomes due and payable.

The scheduled payment of principal of and interest on the 2019A Bonds maturing on August 1 in the years 2022 through 2048, inclusive and the Refunding Bonds maturing on August 1 in the years 2022 and 2023 (the “Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.



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**MATURITY SCHEDULE**

On Inside Cover

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**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

*The Bonds will be offered when, as and if issued and received by Raymond James & Associates, Inc., as the Underwriter, subject to the approval of legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery in definitive form through the facilities of DTC on or about June 13, 2019.*

**RAYMOND JAMES**

Dated: May 30, 2019.

## MATURITY SCHEDULE

**\$460,000**  
**ROBLA SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**General Obligation Bonds**  
**Election of 1992, Series 2019J**

Base CUSIP<sup>†</sup>: 771027

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
2020	\$140,000*	4.000%	1.250%	JH3
2021	320,000*	4.000	1.260	JJ9

**\$46,200,000**  
**ROBLA SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**General Obligation Bonds**  
**Election of 2018, Series 2019A**

Base CUSIP<sup>†</sup>: 771027

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
2020	\$1,450,000*	4.000%	1.250%	JK6
2021	1,845,000*	4.000	1.260	JL4
2022	1,055,000	4.000	1.270	JM2
2023	180,000	4.000	1.280	JN0
2025	310,000	4.000	1.330	JP5
2026	385,000	4.000	1.360	JQ3
2027	460,000	4.000	1.470	JR1
2028	545,000	4.000	1.580 <sup>C</sup>	JS9
2029	635,000	4.000	1.700 <sup>C</sup>	JT7
2030	725,000	4.000	1.870 <sup>C</sup>	JU4
2031	850,000	4.000	2.010 <sup>C</sup>	JV2
2032	940,000	4.000	2.140 <sup>C</sup>	JW0
2033	1,055,000	4.000	2.240 <sup>C</sup>	JX8
2034	1,175,000	4.000	2.330 <sup>C</sup>	JY6
2035	1,305,000	4.000	2.410 <sup>C</sup>	JZ3
2036	1,440,000	4.000	2.510 <sup>C</sup>	KA6
2037	1,585,000	4.000	2.570 <sup>C</sup>	KB4
2038	1,740,000	4.000	2.620 <sup>C</sup>	KC2
2039	1,900,000	4.000	2.670 <sup>C</sup>	KD0
2040	2,070,000	4.000	2.730 <sup>C</sup>	KE8

**\$10,325,000, 5.00% Term Bonds Maturing August 1, 2044, Yield: 2.480%<sup>C</sup>; CUSIP<sup>†</sup> No. 771027KJ7**

**\$14,225,000, 4.00% Term Bonds Maturing August 1, 2048, Yield: 2.910%<sup>C</sup>; CUSIP<sup>†</sup> No. 771027KN8**

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

\* Uninsured bonds.

<sup>C</sup> Priced to optional call on August 1, 2027 at par.

## MATURITY SCHEDULE

**\$1,380,000**  
**ROBLA SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**2019 General Obligation Refunding Bonds**

Base CUSIP<sup>†</sup>: 771027

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
2019	\$ 20,000*	4.000%	1.250%	KP3
2020	260,000*	4.000	1.250	KQ1
2021	260,000*	4.000	1.260	KR9
2022	325,000	4.000	1.270	KS7
2023	515,000	4.000	1.280	KT5

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

\* Uninsured bonds.

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

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

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE ORIGINAL PURCHASER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

Statements included or incorporated by reference in the following information constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "project," "expect,"

“estimate,” “budget” or other similar words. The achievement of results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Actual results may differ from the District’s forecasts. The District is not obligated to and does not plan to issue any updates or revisions to the forward looking statements in any event.

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

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## **ROBLA SCHOOL DISTRICT**

### **Board of Trustees**

Craig DeLuz – President  
Dennis Boyd – Vice President  
Nuvia Cardona – Clerk  
Ken Barnes – Member  
Kim Howard – Member

### **District Administrators**

Ruben Reyes, Superintendent  
Tim Williams, Chief Business Official

## **SPECIAL SERVICES**

### **Bond Counsel and Disclosure Counsel**

Nixon Peabody LLP  
San Francisco, California

### **Municipal Advisor**

Caldwell Flores Winters, Inc.  
Emeryville, California

### **Paying Agent**

Director of Finance of Sacramento County  
Sacramento, California

### **Escrow Agent**

U.S. Bank National Association  
Los Angeles, California

### **Verification Agent**

Causey Demgen & Moore P.C.  
Denver, Colorado

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**\$48,040,000**  
**ROBLA SCHOOL DISTRICT**  
**(Sacramento County, California)**

**\$460,000**  
**General Obligation Bonds**  
**Election of 1992, Series 2019J**

**\$46,200,000**  
**General Obligation Bonds**  
**Election of 2018, Series 2019A**

**\$1,380,000**  
**2019 General Obligation**  
**Refunding Bonds**

**INTRODUCTION**

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

**General**

The Robla School District (the “District”), proposes to issue \$460,000 aggregate principal amount of its General Obligation Bonds Election of 1992, Series 2019J (the “2019J Bonds”), under and pursuant to a bond authorization (the “1992 Authorization”) for the issuance and sale of \$32,000,000 aggregate principal amount of general obligation bonds, which was approved by more than two-thirds of the voters of the District voting on the proposition at an election held on June 2, 1992 (the “1992 Election”). The 2019J Bonds are expected to be the eighth and final issuance of bonds to be issued under the 1992 Authorization.

The District also proposes to issue \$46,200,000 aggregate principal amount of its General Obligation Bonds Election of 2018, Series 2019A (the “2019A Bonds”, together with the 2019J Bonds, the “New Money Bonds”), under and pursuant to a bond authorization (the “2018 Authorization” and, together with the 1992 Authorization, the “Authorizations”) for the issuance and sale of \$46,200,000 aggregate principal amount of general obligation bonds, which was approved by more than two-thirds of the voters of the District voting on the proposition at an election held on November 6, 2018 (the “2018 Election” and, together with the 1992 Election, the “Elections”). The 2019A Bonds are expected to be the first and only series of bonds to be issued under the 2018 Authorization.

The District proposes to issue \$1,380,000 aggregate principal amount of its 2019 General Obligation Refunding Bonds (the “Refunding Bonds,” and, together with the New Money Bonds, the “Bonds”).

In addition to the Elections and Authorizations described above, the New Money Bonds are being issued pursuant to (i) the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended (the “Government Code”) (ii) applicable provisions of the Education Code of the State of California (the “Education Code”), as amended, (iii) Article XIII A of the California Constitution (collectively, the “Act”), and (iv) pursuant to a resolution adopted by the Board of Trustees of the District on May 9, 2019 (the “New Money Resolution”).

The Refunding Bonds are being issued pursuant to (i) the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Act”) and (ii) a resolution adopted by the Board of Trustees of the District on May 9, 2019 as it pertains to the Refunding Bonds (the “Refunding Resolution” and, together with the New Money Resolution, the “Resolutions”).

Proceeds from the sale of the 2019J Bonds will be applied to (i) finance the construction and improvement of certain District facilities approved by the voters at the 1992 Election (the “1992 Projects”), (ii) fund a portion of capitalized interest on the 2019J Bonds, which will be applied to interest due through August 1, 2021, and (iii) pay the costs of issuance of the 2019J Bonds.

Proceeds from the sale of the 2019A Bonds will be applied to (i) finance the construction and improvement of certain District facilities approved by the voters at the 2018 Election (the “2018 Projects”), (ii) fund a portion of capitalized interest on the 2019A Bonds, which will be applied to interest due through August 1, 2022, and (iii) pay the costs of issuance of the 2019A Bonds.

Proceeds from the sale of the Refunding Bonds will be applied to (i) refund a portion of the District’s outstanding General Obligation Bonds, Election of 1992 Series 2003D (the “2003 Prior Bonds”); (ii) refund a portion of the District’s outstanding General Obligation Bonds, Election of 1992 Series 2007E (the “2007 Prior Bonds,” and, together with the 2003 Prior Bonds, the “Prior Bonds”) and (iii) pay the costs of issuance of the Refunding Bonds.

All general obligation bonds issued by or on behalf of the District are or will be issued on a parity with the Bonds. See the caption “– Proposition 39” under the heading “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” herein.

In addition to the 1992 Election and the 2018 Election, the District has issued, in two series, \$16,500,000 aggregate principal amount of general obligation bonds pursuant to a bond authorization (the “2014 Authorization”) approved by more than 55% of the voters of the District voting on the proposition at an election held on November 4, 2014 (the “2014 Election”) in which the issuance and sale of \$29,800,000 aggregate principal amount of general obligation bonds were authorized to be issued. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Certain Existing Obligations.”

**THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED BY AND PAYABLE FROM AD VALOREM PROPERTY TAXES ASSESSED ON TAXABLE PROPERTIES WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT. THE BONDS ARE NOT AN OBLIGATION OF THE GENERAL FUND OF THE DISTRICT OR OF THE COUNTY OF SACRAMENTO (THE “COUNTY”). SEE “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” HEREIN.**

## **The District**

The District was originally known as the Oak Grove School District and opened in 1896. The District’s was established as an elementary school district, and its name was changed to Robla School District, in 1916. Located in the County, the District is situated approximately ten miles north of downtown Sacramento, and encompasses approximately ten square miles. The District provides elementary school facilities for grades preschool through six. The District currently maintains five elementary schools and one preschool. The District serves an estimated 2,060 children. The teacher to student ratio in kindergarten is 24:1, grades 1-3 is 24:1, and grades 4-6 is 27:1. On November 13, 2014, the District granted a three-year charter to its first charter school, Paseo Grande Charter School which began operations in fiscal year 2015-16. The District granted the renewal of the Paseo Grande Charter School, now known as the Marconi Charter, for an additional three years through June 20, 2021. See APPENDIX A – “THE DISTRICT – STATE FUNDING OF EDUCATION – Charter School Funding” for more information on charter school funding.

The District is governed by a Board of Trustees (the “Board”), consisting of five members who are elected at large to overlapping four-year terms, at elections held in staggered years.

The District has certain existing lease financing obligations and other general obligation bonds as set forth in APPENDIX A and under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and direct and overlapping bonded indebtedness as set forth under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt.” The District’s audited financial statements for fiscal year 2017-18 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – “THE DISTRICT.”

### **Description of the Bonds**

*Form and Registration.* The Bonds will be issued in fully registered form only, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), who will act as securities depository for the Bonds. See “THE BONDS – Book-Entry-Only System” herein and APPENDIX E – “BOOK-ENTRY-ONLY SYSTEM” hereto. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions.

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bondowners,” or “Holders” of the Bonds (other than under the caption “TAX MATTERS”) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

*Denominations.* Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount, or any integral multiple thereof.

*Redemption.* The Bonds are subject to redemption prior to their stated maturity as further described herein. See “THE BONDS – Redemption.”

*Payments.* The Bonds will be dated as of their initial date of delivery (the “Date of Delivery”), and interest on the Bonds will accrue from the Date of Delivery, and is payable semiannually on each February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing August 1, 2019. Principal of the Bonds is payable on August 1 of each year, as shown on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the Director of Finance of Sacramento County, Paying Agent for the Bonds (the “Paying Agent”) to DTC for subsequent distribution through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

### **Bond Owner’s Risks**

The Bonds are general obligations of the District, payable from *ad valorem* property taxes which may be levied upon all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding taxation of property within the District, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

### **Continuing Disclosure**

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in compliance with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (the “Rule”). The specific nature of the financial information and operating data relating to the District to be made available and of the notices of listed events is summarized

under “LEGAL MATTERS – Continuing Disclosure” herein and in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE ” attached hereto.

### **Professionals Involved in the Offering**

Nixon Peabody LLP, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Nixon Peabody LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds. Caldwell Flores Winters, Inc., Emeryville, California, is acting as Municipal Advisor to the District with respect to the Bonds.

### **Forward-Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “estimate,” “project,” “budget,” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED FROM SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

## **THE BONDS**

### **Authority for Issuance and Security for the Bonds**

The Bonds are general obligations of the District. The New Money Bonds are being issued by the District, under the applicable provisions of the Act and pursuant to the New Money Resolution. The 2019J Bonds were authorized at the 1992 Election pursuant to the 1992 Authorization and the 2019A Bonds were authorized at the 2018 Election pursuant to the 2018 Authorization. The Refunding Bonds are being issued by the District, under the applicable provisions of the Refunding Act and pursuant to the Refunding Resolution.

### **Purpose of Issue and Application of Proceeds**

Proceeds from the sale of the 2019J Bonds will be applied to (i) finance the construction and improvement of certain 1992 Projects, (ii) fund a portion of capitalized interest on the 2019J Bonds, which will be applied to interest due through August, 2021, and (iii) pay the costs of issuance of the 2019J Bonds.

Proceeds from the sale of the 2019A Bonds will be applied to (i) finance the construction and improvement of certain 2018 Projects, (ii) fund a portion of capitalized interest on the 2019A Bonds, which will be applied to interest due through August, 2022, and (iii) pay the costs of issuance of the 2019A Bonds.

Proceeds from the sale of the Refunding Bonds will be applied to (i) refund a portion of the 2003 Prior Bonds, (ii) refund a portion of the 2007 Prior Bonds, and (iii) pay the costs of issuance of the Refunding Bonds.

Details regarding the 1992 Projects and the 2018 Projects to be financed are set forth under the caption “THE PLAN OF FINANCE” herein.

A portion of the net proceeds of sale of the New Money Bonds, after payment of costs of issuance, shall be applied or deposited into the applicable Building Fund (as described herein) of the District established pursuant to the New Money Resolution, shall be kept separate and distinct from all other District and County funds. and shall be applied to pay the costs of certain of the 1992 Projects and the 2018 Projects, as applicable. Interest earned on the investment of monies held in each Building Fund shall be retained in the applicable Building Fund.

The net proceeds of the Refunding Bonds, after payment of costs of issuance therefor and certain related expenses, will be used to refund a portion of the District’s Prior Bonds.

Any net original issue premium received by the District from the sale of the New Money Bonds and the *ad valorem* property taxes securing the payment of the Bonds, when received, shall be kept separate and apart in the applicable Debt Service Fund of the District established pursuant to the applicable Resolution, and used only for payments of principal and interest on the respective series of Bonds. Interest earned on the investment of monies held in each Debt Service Fund shall be retained in the applicable Debt Service Fund and used to pay principal and interest on the applicable series of the Bonds when due. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the applicable Debt Service Fund and applied to the payment of the principal of and interest on the applicable series of the Bonds. Moneys in the Debt Service Funds are expected to be invested through the Sacramento County Treasury Pool. See APPENDIX F – “SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS”.

### **Permitted Investments**

Under State law, the District is generally required to pay all moneys received from any source into the County treasury to be held on behalf of the District. The proceeds from the sale of the New Money Bonds to the extent of the principal amount thereof, will be deposited in the County Treasury to the credit of the applicable Building Fund and shall be accounted for, together with the proceeds of other bonds of the District separately from all other District and County funds. Bond proceeds shall be applied solely for the purposes for which the Bonds were authorized. Any premium or accrued interest received by the District will be deposited in the applicable Debt Service Fund of the District in the County treasury. Interest and earnings on each fund will accrue to such fund.

All funds held by the County Director of Finance (the “Director of Finance”) in the applicable Building Fund and the applicable Debt Service Fund are expected to be invested in the at the sole discretion of the Director of Finance, on behalf of the District, in the County Treasury Pool, into which the District may lawfully invest its funds, any investments authorized pursuant to the State Government Code 53601, and following of the State Government Code all in accordance with the investment policy of the County, as such statutes and investment policy may be amended or supplemented from time to time. Under existing law, amounts in the applicable Building Fund are required to be invested in the County Treasury Pool and will be invested in the County Treasury Pool. At no time shall the proceeds be withdrawn by the District for investment outside the County treasury. See APPENDIX F – “SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS”. The Director of Finance disclaims responsibility to report, reconcile or monitor the investment of proceeds related to the Bonds except for any proceeds related to the Bonds that have been invested in the County Treasury Pool.

## **Description of the Bonds**

The Bonds will be dated their date of delivery and will be issued in authorized denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the respective Bonds or upon their earlier redemption. **The Bonds are not subject to acceleration.**

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners (as defined herein) or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by the Paying Agent to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (“DTC Participants”) for subsequent disbursement to the Beneficial Owners. Payments of principal and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – “BOOK ENTRY ONLY SYSTEM” herein.

## **Payment of the Bonds**

Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date, commencing August 1, 2019, to the registered owner (each, an “Owner”) thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (whether or not such day is a business day) (a “Record Date”). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond, interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

## **Redemption**

### ***Optional Redemption.***

The 2019J Bonds are not subject to redemption prior to their respective stated maturity dates.

The 2019A Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their respective stated maturity dates. The 2019A Bonds maturing on or after August 1, 2028, may be redeemed

before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 2027, at par, together with interest accrued thereon to the date of redemption, without premium.

The Refunding Bonds are not subject to redemption prior to their respective maturity dates.

**Mandatory Sinking Fund Redemption.** The 2019A Bonds maturing on August 1, 2044, are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) on any August 1 on or after August 1, 2041, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

<b>Mandatory Sinking Fund Payment Date (August 1)</b>	<b>Mandatory Sinking Fund Payment</b>
2041	\$2,250,000
2042	2,460,000
2043	2,685,000
2044 <sup>(1)</sup>	2,930,000

<sup>(1)</sup> Maturity.

The 2019A Bonds maturing on August 1, 2048, are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) on any August 1 on or after August 1, 2045, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

<b>Mandatory Sinking Fund Payment Date (August 1)</b>	<b>Mandatory Sinking Fund Payment</b>
2045	\$3,185,000
2046	3,425,000
2047	3,675,000
2048 <sup>(1)</sup>	3,940,000

<sup>(1)</sup> Final Maturity.

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

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

### **Notice of Redemption**

When redemption is authorized or required pursuant to the applicable Resolution, the Paying Agent, upon written instruction from the District, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions



thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest on such Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register and the Municipal Securities Rulemaking Board (the "MSRB"); and (ii) in the event that the Bonds are no longer held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission or, (c) overnight delivery service, to each of the Securities Depositories and to the MSRB.

"Securities Depositories" means DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

"Information Services" means the MSRB's Electronic Municipal Market Access system, and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

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

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

### **Conditional Notice of Redemption**

Any Redemption Notice relating to an optional redemption may be made conditional upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of the affected Bonds and the Information Services in the event such conditions are not met or are not expected to be met and/or such funds are not received or expected to be received.

### **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor, interest rates, and maturity and of authorized

denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

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

Notice having been given as required in the applicable Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the applicable Debt Service Fund of the District or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent, or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemption described in the Redemption Notice shall be met, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

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

### **Transfer and Exchange**

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

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

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

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

be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

### **Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

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

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

(c) by depositing with an institution that meets the requirements of serving as successor Paying Agent selected by the District in accordance with the Resolutions, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code (defined below) and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon.

Notwithstanding that any Bonds have not been surrendered for payment, all obligations of the District and the Paying Agent with respect to all such Bonds will cease and terminate. However, the obligation of the Paying Agent to pay or cause to be paid all sums due thereon, and the obligation of the District to pay the Paying Agent certain amounts due under the Resolutions, shall not terminate.

### **Book-Entry-Only System**

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in principal amounts, of \$5,000 or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book-entry system, see APPENDIX E hereto.

## **PLAN OF FINANCE**

### **The 1992 Projects**

Proceeds from the sale of the 2019J Bonds will be applied to (i) finance construction and improvement of certain 1992 Projects, (ii) fund a portion of capitalized interest on the 2019J Bonds, which will be applied to interest due through August 1, 2021, and (iii) pay costs of issuance of the 2019J Bonds.

The District expects to use the proceeds of sale of the 2019J Bonds to complete certain of the 1992 Projects, specifically to complete modernization projects to upgrade District classrooms to 21<sup>st</sup> Century learning environments.

The net proceeds from the sale of the 2019J Bonds will be deposited into the Building Fund of the District established with the Director of Finance (the “2019J Building Fund”). The District will be responsible for the use of proceeds of the 2019J Bonds deposited in the 2019J Building Fund. The use of such proceeds is limited to the capital projects approved by the voters at the 1992 Election. Such net proceeds and interest earnings on the investment of moneys held in the 2019J Building Fund, except as required to be rebated to the U.S. Treasury Department, will be retained in the 2019J Building Fund and used only for expenditures eligible under the 1992 Election.

### **The 2018 Projects**

Proceeds from the sale of the 2019A Bonds will be applied to (i) finance construction and improvement of certain 2018 Projects, (ii) fund a portion of capitalized interest on the 2019A Bonds, which will be applied to interest due through August 1, 2022, and (iii) pay costs of issuance of the 2019A Bonds.

The District expects to use the proceeds of sale of the 2019A Bonds to complete certain of the 2018 Projects, specifically to complete modernization projects to upgrade District classrooms to 21<sup>st</sup> Century learning environments.

The net proceeds from the sale of the 2019A Bonds will be deposited into the Building Fund of the District established with the Director of Finance (the “2019A Building Fund”). The District will be responsible for the use of proceeds of the 2019A Bonds deposited in the 2019A Building Fund. The use of such proceeds is limited to the capital projects approved by the voters at the 2018 Election. Such net proceeds and interest earnings on the investment of moneys held in the 2019A Building Fund, except as required to be rebated to the U.S. Treasury Department, will be retained in the 2019A Building Fund and used only for expenditures eligible under the 2018 Election.

### **Plan of Refunding**

The net proceeds of the Refunding Bonds will be used to effect the refunding of a portion of the 2003 Prior Bonds and a portion of the 2007 Prior Bonds (such refunded portions of each, the “Refunded Bonds”). See “– The Refunded Bonds” below. On the date of delivery of the Refunding Bonds, such net proceeds will be deposited into an Escrow Fund (the “Escrow Fund”) established pursuant to that certain Escrow Agreement, dated as of June 1, 2019 (the “Escrow Agreement”), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent (the “Escrow Agent”).

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

## The Refunded Bonds

The proceeds of the 2003 Prior Bonds were issued in an original aggregate principal amount of \$2,999,956.10 to finance the acquisition, construction and/or modernization of school facilities throughout the District in accordance with the 1992 Authorization.

The proceeds of the 2007 Prior Bonds were issued in an original aggregate principal amount of \$6,799,939.65 to finance the acquisition, construction and/or modernization of school facilities throughout the District in accordance with the 1992 Authorization.

The District is issuing the Refunding Bonds to refund the 2003 Prior Bonds maturing on August 1, 2024 and to refund the 2007 Prior Bonds maturing on August 1, 2021 and August 1, 2023, in order to provide savings to the taxpayers of the District. However, the specific maturities of the 2003 Prior Bonds or the 2007 Prior Bonds, or portions thereof, to be refunded shall be determined by the District on the date of sale of the Bonds.

### ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	<u>2019J Bonds</u>	<u>2019A Bonds</u>	<u>2019 Refunding Bonds</u>	<u>Total</u>
<b>SOURCES OF FUNDS:</b>				
Principal Amount .....	\$460,000.00	\$46,200,000.00	\$1,380,000.00	\$48,040,000.00
Original Issue Premium .....	22,709.80	5,374,220.70	106,408.95	5,503,339.45
<b>TOTAL</b> .....	<u>\$482,709.80</u>	<u>\$51,574,220.70</u>	<u>\$1,486,408.95</u>	<u>\$53,543,339.45</u>
<b>USES OF FUNDS:</b>				
Deposit to Escrow Fund .....	\$0.00	\$0.00	\$1,469,506.04	\$1,469,506.04
Deposit to Building Funds .....	457,606.16	45,959,575.35	0.00	46,417,181.51
Deposit to Debt Service Funds <sup>(1)</sup> .....	20,869.80	5,082,798.22	0.00	5,103,668.02
Costs of Issuance <sup>(2)</sup> .....	4,233.84	531,847.13	16,902.91	552,983.88
<b>TOTAL</b> .....	<u>\$482,709.80</u>	<u>\$51,574,220.70</u>	<u>\$1,486,408.95</u>	<u>\$53,543,339.45</u>

<sup>(1)</sup> Represents capitalized interest on the 2019A Bonds, which will be applied to interest due through August 1, 2022 and capitalized interest on the 2019J Bonds, which will be applied to interest due through August 1, 2021.

<sup>(2)</sup> Includes payment of Bond and Disclosure Counsel fees, Underwriter's discount, Municipal Advisor fees, Paying Agent fees, bond insurance premium, if any, rating agency fees, Preliminary Official Statement and Official Statement printing and other costs of issuance.

## DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements for the Bonds and the other outstanding general obligation bonds of the District (the “Outstanding Bonds”), assuming no optional redemption:

Year Ending (August 1)	Outstanding Bonds Debt Service <sup>(1)</sup>	Series 2019J		Series 2019A		Refunding Bonds		Aggregate Debt Service
		Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$2,711,832.58		\$2,453.33		\$260,166.67	\$20,000.00	\$7,360.00	\$3,001,812.58
2020	2,847,219.38	\$140,000.00	18,400.00	\$1,450,000.00	1,951,250.00	260,000.00	54,400.00	6,721,269.38
2021	2,972,419.58	320,000.00	12,800.00	1,845,000.00	1,893,250.00	260,000.00	44,000.00	7,347,469.58
2022	3,128,563.98			1,055,000.00	1,819,450.00	325,000.00	33,600.00	6,361,613.98
2023	3,290,149.58			180,000.00	1,777,250.00	515,000.00	20,600.00	5,782,999.58
2024	5,028,864.48			-	1,770,050.00			6,798,914.48
2025	3,667,875.12			310,000.00	1,770,050.00			5,747,925.12
2026	3,864,710.52			385,000.00	1,757,650.00			6,007,360.52
2027	4,074,545.92			460,000.00	1,742,250.00			6,276,795.92
2028	4,298,031.32			545,000.00	1,723,850.00			6,566,881.32
2029	4,546,416.72			635,000.00	1,702,050.00			6,883,466.72
2030	4,798,302.12			725,000.00	1,676,650.00			7,199,952.12
2031	5,040,147.12			850,000.00	1,647,650.00			7,537,797.12
2032	4,761,883.52			940,000.00	1,613,650.00			7,315,533.52
2033	5,036,190.51			1,055,000.00	1,576,050.00			7,667,240.51
2034	5,332,761.06			1,175,000.00	1,533,850.00			8,041,611.06
2035	5,652,600.06			1,305,000.00	1,486,850.00			8,444,450.06
2036	5,986,368.76			1,440,000.00	1,434,650.00			8,861,018.76
2037	3,393,312.50			1,585,000.00	1,377,050.00			6,355,362.50
2038	1,356,493.76			1,740,000.00	1,313,650.00			4,410,143.76
2039	1,410,662.50			1,900,000.00	1,244,050.00			4,554,712.50
2040	1,465,650.00			2,070,000.00	1,168,050.00			4,703,700.00
2041	1,525,625.00			2,250,000.00	1,085,250.00			4,860,875.00
2041	1,583,150.00			2,460,000.00	972,750.00			5,015,900.00
2043	1,646,675.00			2,685,000.00	849,750.00			5,181,425.00
2044	1,715,825.00			2,930,000.00	715,500.00			5,361,325.00
2045	1,565,200.00			3,185,000.00	569,000.00			5,319,200.00
2046	-			3,425,000.00	441,600.00			3,866,600.00
2047	-			3,675,000.00	304,600.00			3,979,600.00
2048	-			3,940,000.00	157,600.00			4,097,600.00
<b>Total</b>	<b>\$92,701,476.09</b>	<b>\$460,000.00</b>	<b>\$33,653.33</b>	<b>\$46,200,000.00</b>	<b>\$39,335,466.67</b>	<b>\$1,380,000.00</b>	<b>\$159,960.00</b>	<b>\$180,270,556.09</b>

(1) The District has designated its General Obligation Bonds, Election of 1992, Series 2011F as “Qualified School Construction Bonds” under Section 6431(f) of the Code, making it eligible for a bond subsidy payment from the United States Treasury. The amount of the bond subsidy payment is not reflected in the debt service shown above.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. Subsequent to the issuance of the New Money Bonds, the District does not expect to have any remaining authorization for the issuance of additional general obligation bonds under either of the 1992 Authorization or the 2018 Authorization. The District has \$13,300,000 in authorization remaining for issuance of general obligation bonds under the 2014 Authorization. All general obligation bonds of the District are issued on parity with one another.

### 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 State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” herein.

The State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, 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.

Economic and other factors beyond the District’s control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District’s outstanding general obligation bonds, including the Bonds.

For fiscal year 2018-19, the total assessed valuation of property within the District’s boundaries was \$2,608,973,093. Shown in the following tables are the assessed valuations of property in the District during the past five fiscal years, the assessed valuation and parcels by land use of property in the District for the 2018-19 fiscal year, per parcel assessed valuation of single-family homes in the District for the 2018-19 fiscal year and the twenty largest secured taxpayers in the District for fiscal year 2018-19.

**ROBLA SCHOOL DISTRICT  
SUMMARY OF ASSESSED VALUATIONS  
FISCAL YEARS 2014-15 THROUGH 2018-19**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>
2014-15	\$1,641,945,222	\$53,144	\$617,186,927	\$2,259,185,293
2015-16	1,739,283,033	66,430	624,212,543	2,363,562,006
2016-17	1,798,934,741	66,430	588,269,426	2,387,270,597
2017-18	1,889,478,578	66,430	521,005,416	2,410,550,424
2018-19	2,109,716,354	66,430	\$499,190,309	2,608,973,093

Source: California Municipal Statistics, Inc.

**Appeals of Assessed Value; Proposition 8 Reductions**

A property owner may appeal a county assessor’s determination of assessed value based on Proposition 8, passed by the voters in November 1978 (“Proposition 8”), or based on a challenge to the base year value.

Proposition 8 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 XIII A 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. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner’s belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the county assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the county assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIII A.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and 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 change of ownership or new construction date.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

**Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same



county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

### **Effect of Natural Disaster on Assessed Valuations**

As referenced under “– Assessed Valuations” herein, assessed valuations are subject to change in each year, and such changes may result from a variety of factors, including natural disasters.

In recent years, there have been several notable natural disasters throughout the State. These include drought conditions throughout the State, which led to a State-wide drought State of Emergency issued in January, 2014, and certain executive orders issued in 2015 and 2016 aimed to reduce water usage in local communities. The drought was declared to have ended in 2017 due to record-level precipitation in late 2016 and early 2017, with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects are currently in place to address diminished groundwater supplies.

In addition, wildfires have occurred in recent years in different regions of the State. The District did not sustain any serious property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. On September 21, 2018, Governor Brown signed a number of measures into law addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acres burned by wildfire in the State would both increase in the future. This report details significant economic impact to the State as a result of these and other natural disasters. The report is publicly available at <http://www.climateassessment.ca.gov/>. The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by reference.

The District cannot predict or make any representations regarding the effects that natural disasters, such as fire, drought or extended drought conditions, earthquakes, or other related natural or man-made conditions, have or may have on the value of taxable property within the District, or to what extent the effects said natural disasters might have had on economic activity in the District or throughout the State. See below under the heading “– Appeals and Potential Reduction of Assessed Valuations.”

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**ROBLA SCHOOL DISTRICT  
2018-19 ASSESSED VALUATION AND PARCELS BY LAND USE**

	<b>2018-19 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b><u>Non-Residential:</u></b>				
Agricultural	4,675,110	0.22%	4	0.06%
Commercial	73,911,402	3.50	45	0.67
Vacant Commercial	2,339,069	0.11	22	0.33
Office Building	49,345,767	2.34	26	0.39
Industrial	1,039,046,392	49.25	394	5.88
Vacant Industrial	28,632,385	1.36	150	2.24
Recreational	1,129,539	0.05	12	0.18
Government/Social/Institutional	6,154,466	0.29	200	2.98
Miscellaneous	46,376	0.00	63	0.94
Subtotal Non-Residential	<u>\$1,205,280,506</u>	<u>57.13%</u>	<u>916</u>	<u>13.66%</u>
<b><u>Residential:</u></b>				
Single-Family Residence	792,445,297	37.56%	4,619	68.89%
Condominium/Townhouse	4,385,763	0.21	60	0.89
Mobile Home	6,216,904	0.29	192	2.86
Mobile Home Park	4,754,537	0.23	6	0.09
2-4 Residential Units	27,653,572	1.31	435	6.49
5+ Residential Units/Apartments	42,790,255	2.03	14	0.21
Vacant Residential	26,189,520	1.24	463	6.91
Subtotal Residential	<u>\$904,435,848</u>	<u>42.87%</u>	<u>5,789</u>	<u>86.34%</u>
Total	<u>\$2,109,716,354</u>	<u>100.00%</u>	<u>6,705</u>	<u>100.00%</u>

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

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**ROBLA SCHOOL DISTRICT  
PER PARCEL 2018-19 ASSESSED VALUATION OF SINGLE-FAMILY HOMES**

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	4,619	\$792,445,297	\$171,562	\$164,099

2018-19 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	49	1.061%	1.061%	\$ 935,382	0.118%	0.118%
\$25,000 - \$49,999	199	4.308	5.369	7,522,941	0.949	1.067
\$50,000 - \$74,999	277	5.997	11.366	17,802,990	2.247	3.314
\$75,000 - \$99,999	401	8.682	20.048	35,569,648	4.500	7.814
\$100,000 - \$124,999	511	11.063	31.111	57,527,464	7.259	15.073
\$125,000 - \$149,999	557	12.059	43.170	76,852,774	9.698	24.772
\$150,000 - \$174,999	572	12.384	55.553	93,058,417	11.743	36.515
\$175,000 - \$199,999	503	10.890	66.443	94,214,858	11.889	48.404
\$200,000 - \$224,999	429	9.288	75.731	90,859,006	11.466	59.870
\$225,000 - \$249,999	359	7.772	83.503	85,010,787	10.728	70.597
\$250,000 - \$274,999	272	5.889	89.392	71,328,821	9.001	79.598
\$275,000 - \$299,999	194	4.200	93.592	55,503,087	7.004	86.602
\$300,000 - \$324,999	124	2.685	96.276	38,505,345	4.859	91.461
\$325,000 - \$349,999	64	1.386	97.662	21,566,936	2.722	94.183
\$350,000 - \$374,999	34	0.736	98.398	12,300,266	1.552	95.735
\$375,000 - \$399,999	19	0.411	98.809	7,363,490	0.929	96.664
\$400,000 - \$424,999	18	0.390	99.199	7,439,137	0.939	97.603
\$425,000 - \$449,999	8	0.173	99.372	3,488,163	0.440	98.043
\$450,000 - \$474,999	6	0.130	99.502	2,769,287	0.349	98.393
\$475,000 - \$499,999	4	0.087	99.589	1,918,234	0.242	98.635
\$500,000 and greater	19	0.411	100.000	10,818,264	1.365	100.000
Total	4,619	100.000%		\$792,445,297	100.000%	

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

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**ROBLA SCHOOL DISTRICT  
2018-19 LARGEST LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	BRE Delta Industrial Sacramento LP	Industrial	\$237,020,000	11.23%
2.	MP Holdings LLC	Industrial	65,455,309	3.10
3.	Harsch Investment Properties LLC	Industrial	55,181,496	2.62
4.	United States Cold Storage Inc.	Industrial	47,891,608	2.27
5.	Quality Investment Properties Sacramento	Industrial	47,602,406	2.26
6.	Ragingwire Enterprise Solutions, Inc.	Industrial	46,554,331	2.21
7.	Amerisourcebergen Drug Corporation	Industrial	30,200,243	1.43
8.	Pathfinder Sacramento Holdings I LLC	Apartments	22,425,000	1.06
9.	Central Valley Industrial Core Holdings	Industrial	14,979,390	0.71
10.	ROIC California LLC	Commercial	14,899,803	0.71
11.	Sutters Claim LP	Commercial	14,777,040	0.70
12.	Ethan Conrad	Office Building	14,157,047	0.67
13.	Markstein Properties LLC	Industrial	13,439,119	0.64
14.	SVO Building One LLC	Industrial	13,205,468	0.63
15.	MP 8401 LLC	Industrial	13,058,271	0.62
16.	Cintas Sales Corporation	Industrial	11,174,842	0.53
17.	Morningside Creek II LLC	Apartments	10,479,729	0.50
18.	Ebara Technologies Inc.	Industrial	9,715,097	0.46
19.	Mygrant Living Trust	Industrial	9,557,995	0.45
20.	McClellan Business Park LLC	Industrial	8,865,077	0.42
			\$700,639,271	33.21%

<sup>(1)</sup> 2018-19 Local Secured Assessed Valuation: \$2,109,716,354  
Source: California Municipal Statistics, Inc.

***Ad Valorem Property Taxes, Tax Rates, Levies, Collections and Delinquencies***

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, then a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be

redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Director of Finance.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. 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 recordation 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, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

**Tax Charges and Delinquencies**

The County’s secured roll tax charges and corresponding delinquencies with respect to property located in the District for the five-year period from fiscal years 2013-14 through 2017-18 are set forth in the following tables.

**ROBLA SCHOOL DISTRICT  
SECURED TAX CHARGES AND DELINQUENCIES  
FISCAL YEARS 2013-14 THROUGH 2017-18**

<b>Fiscal Year</b>	<b>Secured Tax Charge<sup>(1)</sup></b>	<b>Amount Delinquent June 30</b>	<b>% Delinquent June 30</b>
2013-14	\$ 839,503	\$24,463	2.91
2014-15	1,379,142	31,400	2.28
2015-16	1,321,864	15,626	1.18
2016-17	2,078,638	18,448	0.89
2017-18	1,524,404	15,117	0.99

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

**Teeter Plan**

The County has adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the “Teeter Plan”). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County’s general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the County Treasury, the District is included in the Teeter Plan.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In the event that the Teeter Plan was terminated, receipt of revenue of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. The District knows of no consideration by the County to discontinue the Teeter Plan.

**Tax Rates**

The following table sets forth typical tax rates levied in Tax Rate Area 3-252 for fiscal years 2014-15 through 2018-19.

**ROBLA SCHOOL DISTRICT  
TYPICAL TOTAL TAX RATES (TRA 3-252)<sup>(1)</sup>**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
1% General Fund Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
Twin Rivers Unified School District (former Grant Joint Union High School bonds)	.0950	.0622	.0481	.0867	.0816
Robla School District	.0831	.0770	.1167	.0814	.0979
Total All Property	<u>1.1894</u>	<u>1.1483</u>	<u>1.1789</u>	<u>1.1811</u>	<u>1.1926</u>

<sup>(1)</sup> 2018-19 assessed valuation of TRA 3-252 is \$360,863,924.  
Source: California Municipal Statistics, Inc.

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## Certain Existing Obligations

Voters authorized the District to issue \$32,000,000 at the 1992 Election, \$29,800,000 at the 2014 Election, and \$46,200,000 at the 2018 Election. All general obligation bonds of the District are issued on parity with one another and with the Bonds.

A schedule of the District's changes in long-term debt for the year ended June 30, 2018, is shown below.

	<b>Balance July 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>	<b>Amounts Due Within One Year</b>
General obligation bonds					
Principal Balance	\$38,473,541	\$ -	\$ 674,591	\$37,798,950	\$ 506,323
Bond premium, net of discount	1,248,489	-	14,795	1,233,694	9,070
Accreted Interest	13,598,742	1,703,575	835,739	14,466,578	815,372
Total GO Bonds	<u>53,320,772</u>	<u>1,703,575</u>	<u>1,525,125</u>	<u>53,499,222</u>	<u>1,330,765</u>
Capital Leases	304,016	-	39,317	264,699	40,615
Total OPEB Liability <sup>(1)</sup>	3,616,686	306,083	-	3,922,769	-
Net Pension Liability	24,853,066	4,023,461	-	28,876,527	-
Compensated Absences	320,906	-	8,236	312,670	312,670
Total Governmental Activities	<u>\$82,415,446</u>	<u>\$6,033,119</u>	<u>\$1,572,678</u>	<u>\$86,875,887</u>	<u>\$1,684,050</u>

<sup>(1)</sup> Beginning balance for total OPEB liability was restated as a result of an accounting policy change due to implementation of GASB Statement No. 75.

Source: The District.

## Direct and Overlapping Debt

The following is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., dated March 6, 2019 and showing debt as of March 1, 2019. 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.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.



**ROBLA SCHOOL DISTRICT  
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

2018-19 Assessed Valuation: \$2,608,973,093

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/19</u>
Los Rios Community College District	1.334%	\$ 5,285,175
Twin Rivers Unified School District (formerly Grant Joint Union High School District)	18.469	38,600,907
<b>Robla School District</b>	<b>100.</b>	<b>37,292,629<sup>(1)</sup></b>
Sacramento County Community Facilities District No. 2004-1	35.685	10,314,723
Sacramento Area Flood Control District Assessment Districts	Various	38,223,996
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$129,717,430</b>
 <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Sacramento County General Fund Obligations	1.619%	\$ 2,869,880
Sacramento County Pension Obligation Bonds	1.619	14,338,998
Sacramento County Board of Education Certificates of Participation	1.619	64,355
Twin Rivers Unified School District (formerly Grant Joint Union High School District) Certificates of Participation	18.469	11,162,664
City of Sacramento General Fund Obligations	2.777	19,579,377
Sacramento Metropolitan Fire General Fund and Pension Obligation Bonds	0.316	184,904
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$48,200,178</b>
Less: Sacramento County supported obligations		275,999
City of Sacramento supported obligations		13,856,753
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$34,067,426</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 \$8,716,188
 <b>GROSS COMBINED TOTAL DEBT</b>		 <b>\$186,633,796<sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$172,501,044</b>

<sup>(1)</sup> Excludes issue to be sold.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

<b>Direct Debt (\$37,292,629) .....</b>	<b>1.43%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	4.97%
Gross Combined Total Debt .....	7.15%
Net Combined Total Debt.....	6.61%

Ratios to Redevelopment Incremental Valuation (\$236,934,867):

Total Overlapping Tax Increment Debt .....	3.68%
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Source: California Municipal Statistics, Inc.

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS**

### **Article XIII A of the California Constitution**

Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent (1%) of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and 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. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by 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.

### ***County of Orange v. Orange County Assessment Appeals Board No. 3***

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the State Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent (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 1989.

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

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

**Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt**

**service on the Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.**

### **Article XIII B of the California Constitution**

Under Article XIII B of the California State Constitution, state and local government entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

### **Unitary Property**

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

The State electric utility industry has experienced significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “Funding of School Districts in California” in APPENDIX A hereto.

### **Proposition 46**

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

### **Proposition 39**

On November 7, 2000, California voters approved Proposition 39, called the “Smaller Classes, Safer Schools and Financial Accountability Act” (“Proposition 39”) which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California

Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for “the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities,” (2) a list of projects to be funded and a certification that the school district board has evaluated “safety, class size reduction, and information technology needs in developing that list” and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to exempt the one percent (1%) *ad valorem* tax limitation that Section 1(a) of Article XIII A of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The California Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens’ oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

### **Proposition 98**

On November 8, 1988, voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (“Proposition 98”). Proposition 98 guarantees K-14 schools a minimum share of the State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the “first test”), or (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”), or (c) a “third test” which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in the State per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test would become a “credit” to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor’s concurrence, to suspend this minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. The Legislature has suspended payment on a number of occasions since voters approved Proposition 98.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. “Excess” tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools, with the balance returned to taxpayers. Further, any excess State tax

revenues transferred to K-14 schools 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 will not be increased by this amount.

## **Propositions 1A and 22**

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 State budget and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

***Prohibitions on Diverting Local Revenues for State Purposes.*** Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in fiscal year 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted fiscal year 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies. 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.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State Budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The District does not expect to have any of its property tax payments deferred as a result of the dissolution of area redevelopment agencies.

### **Proposition 30 and Proposition 55**

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. The State Office of Legislative Analyst (the "LAO") estimated that, as a result of Proposition 30, additional state tax revenues of about \$6 billion annually from fiscal years 2012-13 through 2016-17 would be received by the State with lesser amounts of additional revenue available in fiscal years 2017-18, and 2018-19. Proposition 30 also places into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 will also provide additional tax revenues aimed at balancing the State's budget through fiscal year 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

Revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts and deposited into the Education Protection Account created pursuant to Proposition 30 (the "EPA"). See "Proposition 98" above. Pursuant to Proposition 30, funds in the EPA are allocated quarterly, with approximately 89% of such funds provided to school districts and approximately 11% to community college districts, before distribution to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district receives less than \$200 per unit of Average Daily Attendance ("ADA") and no community college district receives 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 moneys received from the EPA are spent, provided that such board may not use any of such funds for salaries or benefits of administrators or any other administrative costs.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 and on couples after their first \$500,000 in earnings that was first enacted by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

## **Proposition 2**

On November 4, 2014, voters approved Proposition 2, also referred to as the “Rainy Day Budget Stabilization Fund Act.” Proposition 2 changed the State’s existing requirements for the Budget Stabilization Account (“BSA”) and establishes a Public School System Stabilization Account (“PSSSA”).

Proposition 2 limits the ability of the Governor to suspend or reduce transfers to the BSA. Specifically, the Governor would have to declare a “budget emergency,” defined in Article XIIB of the State Constitution or determine that there are insufficient resources to maintain general fund expenditures for the current year, at the highest level of spending in the three most recent fiscal years. Any such declaration must be followed by a legislative bill passed by a majority vote of each house.

Proposition 2 also requires the State Controller to deposit annually 1.5% of general fund revenues and an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8% of general fund revenues. Deposits to the BSA are expected to begin no later than October 1, 2015, and such deposits will be made until the BSA balance reaches an amount equal to 10% of general fund revenues. Additionally, from 2015-16 to 2029-30, half of any required transfers to the BSA must be allocated to reduce certain state liabilities, such as unfunded state-level pension plans and making certain payments owed to K-14 school districts.

The PSSSA will be funded by the capital gains-related tax revenues in excess of 8% of general fund revenues. The State may deposit amounts into the PSSSA only after certain conditions are met, including the payment of all amounts owing to school districts under the Proposition 98 maintenance factor and the existence of a “Test 1” year under Proposition 98.

## **Proposition 51**

At the November 8, 2016 Election, voters in the State approved the California Public School Facility Bonds Initiative (“Proposition 51”). Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the state.

Specifically, the \$9 billion will be stored between a State School Facilities Fund and a California Community College Capital Outlay Bond Fund. The funds can then be used to allocate bond revenue in the following manner:

- \$3 billion for construction of new K-12 school district facilities;
- Another \$3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;

- \$500 million for various charter school facilities;
- \$500 million for career technical education facilities;
- \$2 billion for California community college facility construction and modernization.

The State issues general obligation bonds for facility projects. Typically, K-12 schools can submit proposals for such projects to the State Office of Public School Construction for both modernization and new construction. If the project is approved, the school district will receive State grant funding and in turn the school district must contribute local funding to such projects. If sufficient local funding is unavailable, the school district may potentially receive the full project cost via State grant funding. Career technical education and charter school facilities face a similar approval process. Community college districts, on the other hand, must submit requests for facility projects to the Chancellor of the community college system. Selected projects are eventually approved and funded as part of the annual State budget. A scoring system is used to determine the State and local contributions for these community college sites.

The impact that Proposition 51 will have on school district behavior is unclear. Some school districts may spend less local funds given the greater support of state funding. However, school districts may decide to spend more local funds by proposing an increased number of facility projects with the knowledge that additional state funding could be available. It is also possible that school districts make no changes to their number of proposals for construction and modernization projects.

The District has applied for \$2.5 million in Proposition 51 money for the Walnut Elementary modernization project.

### **Article XIIC and XIID of the California Constitution**

On November 5, 1996, an initiative to amend the California Constitution known as the “Right to Vote on Taxes Act” (“Proposition 218”) was approved by a majority of California voters. Proposition 218 added Articles XIIC and XIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as “general taxes” (defined as those used for general governmental purposes) or “special taxes” (defined as taxes for a specific purpose even if the revenues flow through the local government’s general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District’s voters, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts.



Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue under Proposition 46 or a Mello-Roos Community Facilities District bond issue in the future, which have special Constitutional authority or are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 98, 46 and 39 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

### **LEGAL OPINION**

The legal opinions of Nixon Peabody LLP, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the original purchasers of the Bonds without charge. The forms of legal opinions are attached hereto as APPENDIX B. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

### **TAX MATTERS**

#### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolutions and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolutions and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such

representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

### **State Taxes**

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

### **Original Issue Premium**

Bonds sold at prices in excess of their principal amounts are “Premium Bonds.” An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the 2019A Bonds maturing on August 1 in the years 2022 through 2048, inclusive and the Refunding Bonds maturing on August 1 in the years 2022 and 2023 (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only

guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

#### *Capitalization of AGM*

At March 31, 2019:

- The policyholders' surplus of AGM was approximately \$2,523 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,054 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019); and

- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

## **LEGAL MATTERS**

### **Continuing Disclosure**

The District will covenant in its Continuing Disclosure Certificate to be executed on the date of delivery of the Bonds (the “Continuing Disclosure Certificate”), to file annual reports and notices of certain listed events (“Listed Events”) with the Municipal Securities Rulemaking Board not later than 240 days after the end of the District’s fiscal year (currently ending June 30), commencing with the report for the Fiscal Year ending June 30, 2019. These covenants have been made in order to assist the Original Purchaser in complying with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (the “Rule”). The District’s obligations under the Continuing Disclosure Certificate with respect to continuing disclosure shall terminate upon payment in full of the Bonds. If such termination occurs or is deemed to occur 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. The District regularly prepares a variety of reports, including audits, budgets and related documents. Any Owner of a Bond may obtain a copy of any such report, as available, from the District. The specific nature of the annual reports and notices of Listed Events respecting the Bonds is contained in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Within the past five years, the District has failed to comply with certain previous undertakings with regards to Rule 15c2-12(b)(5) to provide annual reports and notices of material events. The District’s annual report for fiscal year 2013-14 did not include information on budgeted retirement contributions or

developer fees collected. On October 13, 2015, the District made a remedial filing incorporating the developer fees and the budgeted retirement contributions information not previously included in the 2013-14 annual report. The District's annual reports for fiscal years 2014-15, 2015-16, 2016-17 and 2017-18 did not include information on certificated and classified employees or largest employers in the District. Such information was posted on the MSRB's Electronic Municipal Market Access system ("EMMA") on May 14, 2019.

In addition, the material event notice of a ratings upgrade on March 18, 2014 by S&P of Assured Guaranty Municipal Corp. and MBIA, Inc., providers of financial guaranty insurance policies for certain of the District's outstanding Bonds was not posted on EMMA until May 16, 2014, and the material event notice of a ratings downgrade by S&P of National Public Finance Guarantee on June 26, 2017 and of the withdrawal of such rating by S&P, provider of a financial guaranty insurance policies for certain of the District's outstanding Bonds was not posted on EMMA until May 14, 2019.

The District has currently engaged Caldwell Flores Winters, Inc. as an agent to assist with the preparation and dissemination of the annual reports and material event filings required by the District's existing continuing disclosure certificates, including in connection with the undertaking being entered into in connection with the Bonds. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." In the future, the District may appoint or engage other third-party agents to assist it in carrying out its existing continuing disclosure certificates. The District believes it will be compliant with Rule 15c2-12(b)(5) in the future.

#### **Limitation on Remedies; Amounts Held in the County Treasury Pool**

The opinions of Bond Counsel, the proposed forms of which are attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolutions and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in APPENDIX F – "SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS" hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or

the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can “trace” those funds. There can be no assurance that the Owners could successfully so “trace” such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

### **California Senate Bill 222**

On July 13, 2015, the Governor signed Senate Bill 222 (“SB 222”) into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of State school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

### **Special Revenues**

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted under State law to the repayment of the Bonds, the District believes that those taxes are “special revenues” as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal of and interest to owners of the Bonds likely would continue under 11 U.S.C. §922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the bankruptcy court could find that the automatic stay exception for special revenues does not apply, and the parties to the proceedings may thus be prohibited from taking any action

to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the bankruptcy court's permission. It is also possible that the bankruptcy court may not enforce the state law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds. It should also be noted that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolutions and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in "APPENDIX F – "SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS" hereto. In the event the District or the County were to file for bankruptcy relief, a bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which might include taxes that have been collected and deposited in the Debt Service Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

### **LEGALITY FOR INVESTMENT**

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

### **RATINGS**

The Insured Bonds have been assigned a rating of "AA" (stable outlook) by S&P with the understanding that, upon delivery of the Insured Bonds, the Policy will be issued by AGM. See "BOND INSURANCE" herein. S&P has assigned an initial underlying rating of "A" (stable outlook) to the Bonds. Such ratings reflect only the views of S&P. An explanation of the significance and status of such ratings may be obtained from S&P, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553 0300. Moody's assigned an initial underlying rating of "Aa3" (stable outlook) to the Bonds. Such rating reflects only the views of Moody's, and an explanation of the significance of such ratings may be obtained as follows: Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York



10007, tel. (212) 553-0300. The District furnished such rating agencies with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by rating agencies. A rating may be changed, suspended, or withdrawn as a result of changes, in or unavailability of, information. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the respective rating agencies, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

### **UNDERWRITING**

Raymond James & Associates, Inc., as Underwriter (the “Underwriter”), has agreed to purchase the Bonds from the District at the purchase price of \$53,351,179.45 (representing the initial principal amount of the Bonds, plus original issue premium of \$5,503,339.45, less Underwriter’s discount of \$192,160.00), at the rates and yields shown on the inside cover hereof.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

### **NO LITIGATION**

The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* taxes or to collect other revenues or contesting the District’s ability to issue the Bonds.

### **MUNICIPAL ADVISOR**

Caldwell Flores Winters, Inc. (the “Municipal Advisor”) is employed as Municipal Advisor to the District in connection with the issuance and sale of the Bonds. Caldwell Flores Winters, Inc., will not participate in the underwriting of the Bonds. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

### **OTHER INFORMATION**

References are made herein to certain documents, reports, statutes, and constitutional provisions which are brief summaries thereof, and which do not purport to be complete, comprehensive or definitive, and are qualified in their entirety by reference each such document, report, statute and constitutional provision. Reference is made to such documents, reports, statutes, and constitutional provisions for full and complete statements of the contents thereof. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolutions may be obtained by contacting: Robla School District, 5248 Rose Street, Sacramento, California 95838, Attention: Chief Business Official. The District may impose a fee for copying, shipping and handling.



## APPENDIX A

### THE DISTRICT

*Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Robla School District (the “District”), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District’s financial condition. The District neither receives nor accounts for ad valorem property tax revenues collected by the County of Sacramento (the “County”) to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the debt service funds of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”*

*This Appendix A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California (the “State”) or any of its other political subdivisions or of the general fund of the District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the forepart of this Official Statement. Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District.*

#### **General**

The District was originally known as the Oak Grove School District and opened in 1896. The District’s was established as an elementary school district, and its name was changed to Robla School District, in 1916. Located in the County, the District is situated approximately ten miles north of downtown Sacramento, and encompasses approximately ten square miles. The District provides elementary school facilities for grades preschool through six. The District currently maintains five elementary schools and one preschool. The District serves an estimated 2,060 children. The teacher to student ratio in kindergarten is 24:1, grades 1-3 is 24:1, and grades 4-6 is 27:1. On November 13, 2014, the District granted a three-year charter to its first charter school, Paseo Grande Charter School which is expected to be operational in fiscal year 2015-16. The District granted the renewal of the Paseo Grande Charter School, now known as the Marconi Charter, for an additional three years through June 20, 2021.

#### **District Organization and Key Personnel**

The District is governed by a five-member Board of Trustees (the “District Board”) elected by voters of the District to serve alternating four-year terms. The members are elected to four-year terms in alternate slates of two and three and elections are held every two years. Each December, the District Board elects a President, Vice-President and Clerk to serve one-year terms. Current members of the District Board, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Craig DeLuz	President	December 2022
Dennis Boyd	Vice-President	December 2022
Nuvia Cardona	Clerk	December 2022
Ken Barnes	Member	December 2020
Kim Howard	Member	December 2020

The Superintendent of the District (the “District Superintendent”) is responsible for administering the affairs of the District in accordance with the policies of the District Board and for the supervision of the District’s other key personnel. The District’s Superintendent and Chief Business Official are as follows:

***Ruben Reyes, Superintendent.*** Mr. Reyes has worked in various teaching and administrative capacities since joining the District in 1997. Prior to becoming the Superintendent of the School District in July 2010, Mr. Reyes had the opportunity to serve as a Program Improvement Coach, Principal of Main Avenue Elementary, English Learner Coordinator, and Reading Specialist. Before joining the District, Mr. Reyes served as the Principal of Westfield Village Elementary and Alyce Norman Elementary schools from 1992 to 1997. Mr. Reyes’s educational achievements include a B.A. in Psychology and a Clear Multiple Subject Teaching Credential from the University of California, Davis, as well as a Clear Professional Administrative Services Credential from California State University, Sacramento.

***Tim Williams, Chief Business Official.*** Mr. Williams has worked in school business for nearly 20 years. This experience includes serving as Grants & Contract Accountant, Internal Audit Manager, Director of Fiscal Services, and Chief Business Official. Mr. Williams educational achievements include completion of a B.A. in Organizational Leadership from Humboldt State University, and participation in the first cohort of the California Association of School Business Officials CBO Training Program provided through Senate Bill 352.

**Changes in District Enrollment**

The table below sets forth the enrollment and Average Daily Attendance (“ADA”) for the District for the fiscal years 2013-14 through 2017-18 and projections for fiscal year 2018-19 through 2019-20. The District has been experiencing enrollment declines due to impact from two (2) new charter schools which have opened in the area, both within the District’s boundaries and nearby outside its boundaries. However, the District believes that enrollment will level out within the next two years, due to birth rates and modernization of schools with a significant public presence designed to encourage families to return to the District.

**ROBLA SCHOOL DISTRICT  
ENROLLMENT AND AVERAGE DAILY ATTENDANCE  
FISCAL YEARS 2013-14 THROUGH 2017-18 AND  
PROJECTIONS FOR 2018-19 AND 2019-20<sup>(1)</sup>**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>ADA</u>
2013-14	2,115	2,201
2014-15	2,128	2,231
2015-16	2,170	2,073
2016-17	2,284	2,083
2017-18	2,161	2,046
2018-19 <sup>(1)</sup>	2,047	1,954
2019-20 <sup>(1)</sup>	2,047	1,953

<sup>(1)</sup> Estimates based on the District's 2018-19 Second Interim Report.  
Source: The District.

**Population**

The population of the County and the State is set forth in the following tables.

**POPULATION OF THE  
COUNTY AND STATE**

<u>Calendar Year<sup>(1)</sup></u>	<u>Sacramento County</u>	<u>State</u>
2013	1,452,468	38,234,391
2014	1,465,964	38,568,628
2015	1,481,969	38,912,464
2016	1,495,611	39,179,627
2017	1,513,415	39,500,973
2018	1,530,242	39,740,508
2019	1,546,174	39,927,315

<sup>(1)</sup> Figures as of January of the year indicated.  
Source: California State Department of Finance.

## District Employees

As of July 1, 2018, the District employed 157 full-time certificated employees and 6 part-time certificated employees, and 65 classified full-time employees and 81 classified part-time employees. These employees, except management and some part-time employees, are represented by the bargaining units as follows. The following table sets forth the number of employees represented by and expiration dates of the labor agreements with each of the District's employee bargaining units. Negotiations with the California School Employees Association are continuing, with agreements expected to be reached by June 30, 2019. The District does not expect any material differences in the terms of the contracts from what is currently provided.

### ROBLA SCHOOL DISTRICT Employee Bargaining Units

<u>Employee Bargaining Unit</u>	<u>No. of Employees</u>	<u>Contract Expiration Date</u>
Robla Teachers Association	149	June 30, 2020
California School Employees Association	136	June 30, 2019

Source: Robla School District.

## Pension Plans

The District participates in the State of California Teachers Retirement System ("STRS") which provides retirement benefits to certificated personnel as further described below. The District contributed \$2,744,857 to STRS in fiscal year 2016-17 and \$2,700,829 in fiscal year 2017-18. The District projects it will contribute \$2,012,922 in fiscal year 2018-19.

The District also participates in the State of California Public Employees' Retirement System ("PERS") which provides retirement benefits to classified personnel as further described below. The District contributed \$570,948 to PERS in fiscal year 2016-17 and \$667,254 in fiscal year 2017-18. The District projects it will contribute \$852,819 in fiscal year 2018-19.

*The information set forth below regarding STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriter or the Municipal Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities.*

Both PERS and STRS are operated on a statewide basis. The PERS and STRS defined benefit programs are funded through a combination of investment earnings and contributions by members, employees and the State. Both PERS and STRS have substantial State unfunded actuarial liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District contribution rates to PERS can vary annually depending on changes in actuarial assumption and other factors, such as liability. Unlike typical defined benefit programs, prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS increased significantly. The District is unable to predict what the STRS program liabilities will be in the future.

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately \$275 million. The contributions would increase in subsequent years, reaching more than \$5 billion annually. The Governor of the State expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget includes \$3.1 billion for state contributions to STRS and includes \$6.2 billion for state contributions to PERS.

**STATE OF CALIFORNIA  
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS**

<b>Name of Plan</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets<sup>(4)</sup></b>	<b>Actuarial Obligation</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio (Market Value)</b>	<b>Funded Ratio (Actuarial Value)</b>
Public Employees' Retirement Fund Schools Pool (PERS) <sup>(1)(2)</sup>	\$60.865 billion	—	\$84.416 billion	\$23.551 billion	72.1%	—
State Teachers' Retirement Fund Defined Benefit Program (STRS) <sup>(1)(3)</sup>	\$197.718 billion	\$179.689 billion	\$286.950 billion	\$107.261 billion	63.9%	62.6%

<sup>(1)</sup> Figures as of June 30, 2017.

<sup>(2)</sup> As of June 30, 2017, the PERS provided pension benefits to 1,259,123 active and inactive program members and 670,347 retirees, beneficiaries, and survivors.

<sup>(3)</sup> As of June 30, 2017, the STRS Defined Benefit Program had approximately 638,536 active and inactive program members and 294,874 retirees and benefit recipients.

<sup>(4)</sup> PERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2016-17 and STRS Comprehensive Annual Financial Report 2016-17.

*California State Teachers' Retirement System.* STRS is a defined benefit program and member benefits are determined pursuant to the Education Code and are generally determined based on a member's age, final compensation and years of credited service. Members are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to \$400 per month. Members hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Benefits include a 2% cost of living increase (computed on a simple,

non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit.

Prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, the combined employer, employee and State contributions to STRS were not sufficient to pay actuarially required amounts. Assembly Bill 1469 (“A.B. 1469”), enacted in connection with the adoption of the 2014-15 State budget authorizes shared contribution increases among the program’s three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. The rate increases authorized by A.B. 1469 are projected to fund the STRS Defined Benefit Program fully in 32 years.

Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

<u>Effective Date</u>	<u>Prior Rate</u>	<u>AB 1469 Increases</u>	
		<u>Increase</u>	<u>Total</u>
July 1, 2018	8.25%	8.03%	16.28%
July 1, 2019	8.25	9.88	18.13
July 1, 2020	8.25	10.85	19.10

The State contributions are set pursuant to the Education Code. For fiscal year 2018-19, the State will contribute 7.328% of members’ annual earnings to the defined benefit plan. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2018-19. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2018-19.

The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the defined benefit plan. The STRS actuarial consultant determines the actuarial value of the defined benefit plan’s assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

In February 2017, the State Teacher’s Retirement Board voted to revise the actuarial methods and assumptions beginning with the STRS Defined Benefit Program for fiscal year 2015-16. The actuarial assumptions set forth in the 2017 STRS actuarial valuation use a 7.00% investment rate of return for measurements as of June 30, 2017, 3.00% interest on member accounts, 3.50% wage growth, and 2.75% inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The 2017 STRS actuarial valuation states that, as of June 30, 2017, the future revenues from contributions and appropriations for the defined benefit program are projected to be sufficient to finance its obligations, except for obligations relating to service rendered after June 30, 2014 and not otherwise included in the funding formula (calculated in the 2017 STRS actuarial valuation to be \$369 million as of



June 30, 2017) and post-2014 service that is not actuarially funded. The 2017 STRS Actuarial Valuation reflects a decrease in overall funded ratio of its defined benefit program from 63.7% to 62.6%. However, the 2017 STRS Actuarial Valuation projects that the funded ratio will improve over the longer term assuming all actuarial assumptions are met.

*California Public Employees' Retirement System.* PERS is a defined benefit program and member benefits are determined pursuant to the Public Employees' Retirement Law and are generally determined based on a member's age, final compensation and years of credited service.

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2018-19, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA (defined below) members is 7.0% of monthly salary. The employer contribution rate increased from 15.531% of covered payroll for fiscal year 2017-18, to 18.062% of covered payroll for fiscal year 2018-19.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2014 actuarial valuations. These valuations were performed in early 2015 and set employer contribution rates for the fiscal year 2015-16.

At its February 13, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy will be used for the first time in the June 30, 2019 actuarial valuations.

The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS. In February 2014, the PERS Board of Administration adopted new actuarial demographic assumptions that take into account public employees living longer and modified the asset allocation. These new assumptions were applied beginning with the June 30, 2015 valuation for the schools pool, setting employer contribution rates for fiscal year 2016-17.

The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2017 (the "2017 STRS Actuarial Valuation") is the "Individual Entry Age Normal Cost Method." The PERS Schools Pool Actuarial Valuation as of June 30, 2017 assumes, among other things, a 7.375% investment rate of return (net of administrative expenses), projected 2.75% inflation, and projected payroll growth of 3.00% compounded annually. The prescribed discount rate will reduce to 7.25% compounded annually (net of administrative expenses) as of the June 30, 2018 actuarial valuation, and 7.0% compounded annually (net of administrative expenses) as of the June 30, 2019 actuarial valuation. The first reduction in the investment rate of return will impact the District's employer contribution rates beginning in fiscal year 2018-19.

At its December 21, 2016 meeting, the PERS Board of Administration approved a discount rate assumption decrease from its current rate of 7.50% to 7.00% over the next three years. For the schools pool, the discount rate was lowered for the first time to 7.375% effective for the June 30, 2017 actuarial valuation,

impacting the Schools Pool employer contribution rates beginning in fiscal year 2018-19. The discount rate will be lowered further over the following two valuations. Lowering the discount rate will result in increases in both the normal cost and the accrued liabilities which will result in higher required employer contributions. The District cannot predict how these changes will affect its contribution levels.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from [www.calstrs.com](http://www.calstrs.com) or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from [www.calpers.ca.gov](http://www.calpers.ca.gov) or by written request mailed to the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. See APPENDIX C – “ROBLA SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018” for additional information concerning STRS and PERS contained in the notes to said financial statements.

*Pension Reform Act of 2013 (Assembly Bill 340).* On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) which amended various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, had a five-year window to negotiate compliance with AB 340 through collective bargaining. A city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer’s current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

*More information about AB 340 can be accessed through the PERS's web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) and through the STRS website at [www.calstrs.com](http://www.calstrs.com). The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference. The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. See APPENDIX C – "ROBLA SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018" for additional information concerning STRS and PERS contained in the notes to said financial statements.*

## **GASB 67 and 68**

On June 25, 2012, GASB voted to approve two new standards that aimed to improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans, revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

Statement 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

Statement 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The provisions in Statement 67 became effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 became effective for fiscal years beginning after June 15, 2014.

## **Other Post-Employment Benefits (“OPEB”)**

The Governmental Accounting Standards Board (the “GASB”) released its Statement Number 45 (“Statement Number 45”) on June 21, 2004, which required municipalities to account for OPEB (meaning other than pension benefits) liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity’s revenues.

Statement Number 45 explicitly incorporates Actuarial Standards of Practice (“ASOPs”). There was a recent change to ASOPs No. 6 (“ASOP 6”) requiring reflection of “implicit subsidies” in OPEB costs and projections. “Implicit subsidies” refers to an indirect cost sharing feature of OPEB plans. Using unadjusted flat-rate premiums as a cost basis for accounting was previously acceptable under GASB 45 when the health plans are considered “community-rated.” Community-rated plans have premium levels determined without adjustment for the demographics of an individual employer buying coverage. Although these subsidies were previously allowed to be excluded, the changes to ASOP 6 eliminated the community-rated exemption. As a result, the District was required to reflect these implicit subsidies in its OPEB liability accounting beginning with fiscal year 2016-17.

In June 2015, GASB voted to approve a new standard that aimed to improve the accounting and financial reporting for OPEB by state and local governments. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“Statement Number 75”) requires the recognition of the entire OPEB liability, new disclosures and notes in financial reporting, supplemental information, and a more comprehensive measure of OPEB expense. These changes followed a comprehensive review of the effectiveness of preexisting standards of accounting and reporting. GASB expects that the requirements of Statement Number 75 will improve the decision-usefulness of financial information and will enhance its value for assessing accountability and inter-period equity. Statement Number 75 replaces Statement Number 45 became effective beginning in fiscal year 2017-18.

The District’s OPEB consists of postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees. Employees who retire from the District may be eligible for OPEB if they have retired from active service prior to July 1, 1993, are 55 years of age or older, and have served at the District for 10 or more years. The District’s “Robla School District GASB 45 Actuarial Valuation Report” respecting fiscal year 2017-18 of the District (the “Postemployment Valuation”) states that as of the June 30, 2018 valuation date there were approximately 244 active members and 14 retirees and beneficiaries who met the eligibility requirements for these benefits. The District currently funds these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year.

The principal actuarial assumptions used in the Postemployment Valuation were (i) an inflation rate of 2.75% per annum; (ii) salary increases of 2.75% per annum, in aggregate; (iii) a discount rate of 3.80% per annum; (iv) healthcare cost trend rates of 6.00% decreasing to 5.00%; and (v) a retiree’s share of costs of 0% for certificated and classified personnel, of amounts ranging from 0% to 50% for certificated and classified management personnel, and of 100% for supervisory and confidential personnel.

The Postemployment Valuation sets forth the District’s actuarial valuation of post-employment medical benefits as of June 30, 2018 for its employees and retirees. The Postemployment Valuation sets forth the liabilities of the post-employment benefit plan based upon Governmental Accounting Standards

Board Statement Nos. 43 and 45. As of June 30, 2018, the District had no assets relating to the cost of providing post-employment benefits set aside in trust for the payment of such benefits. The District's unfunded actuarial accrued liability was \$3,922,769 for the fiscal year ended June 30, 2018, which was comprised of the existing balance of \$3,616,686 as of the fiscal year ended June 30, 2017, plus a service cost of \$313,312, interest of \$140,418, and subtracting benefit payments of \$147,647. Pursuant to GASB 45, OPEB expense in an amount equal to annual OPEB cost is recognized in government-wide financial statements on an accrual basis. Net OPEB obligations, if any, including amounts associated with under- or over-contributions from governmental funds, are to be displayed as liabilities (or assets) in government-wide financial statements.

The Postemployment Valuation recommended an annual required contribution ("ARC") of \$453,730. The Postemployment Valuation projects that the District's employer contribution for OPEB as of June 30, 2018, would be approximately \$171,655. The table below sets forth the District's funding of OPEB for fiscal years 2012-13 through 2016-17, and the projected expenditure for OPEB for fiscal year 2018-19.

**ROBLA SCHOOL DISTRICT**  
**Expenditures for Other Post-Employment Benefits**  
**Fiscal Years 2013-14 through 2015-16 and**  
**Projected Expenditures for Fiscal Years 2017-18 and 2018-19**

Fiscal Year	Amount
2012-13	\$137,730
2013-14	127,969
2014-15	108,925
2015-16	112,760
2016-17	76,136
2017-18 <sup>(1)</sup>	153,553
2018-19 <sup>(1)</sup>	171,655

<sup>(1)</sup> Projected. Estimates based on the District's 2018-19 Second Interim Report  
Sources: Robla School District.

The table below reflects the District's ARC, annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2012-13 through 2015-16, and the estimated figures for fiscal years 2017-18 and 2018-19.

**ROBLA SCHOOL DISTRICT**  
**Annual Required Contribution, Annual OPEB Cost and Net OPEB Obligation**  
**Fiscal Years 2012-13 through 2015-16 and**  
**Projections for Fiscal Years 2017-18 and 2018-19**

<b>Fiscal Year ended June 30</b>	<b>Annual Required Contribution*</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$178,178	\$137,730	67%	\$501,583
2014	178,178	208,633	61	582,257
2015	238,093	232,962	47	706,284
2016	241,550	238,634	47	832,158
2017	451,189	368,025	21	1,200,183
2018 <sup>(1)</sup>	313,312	453,730	47	3,922,769
2019 <sup>(1)</sup>	313,312	465,614	47	3,922,769

\* Service cost for 2017-18 moving forward.

<sup>(1)</sup> Projections based on the District's 2018-19 Second Interim Report.  
Source: Robla School District.

The District has reviewed and is expected to continue to review the Postemployment Valuation, in conjunction with the District's obligations under its post-employment benefit plan, to determine, among other things, its course of action with respect to post-employment benefit contributions and what other post-employment benefit liability must be reported. In the opinion of District management, any further increase in the District's unfunded actuarial accrued liability as described in the Postemployment Valuation will not adversely affect the District's ability to pay debt service on its General Fund obligations or general obligation bonds, including the Bonds described in the forepart of this Official Statement, which are payable from *ad valorem* property taxes.

For additional information regarding the District's OPEB, see Note 8 to the District's audited financial statements contained in APPENDIX C – "ROBLA SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018" attached to this Official Statement. Information regarding the District's OPEB in this APPENDIX C reflects information as of the Postemployment Valuation.

**Insurance**

The District maintains insurance with School Insurance Authority of Sacramento County ("SIA"), with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and workers' compensation as the District believes are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for insured claims are adequate.

For additional information regarding SIA, see Note 9 to the District's financial statements contained in APPENDIX C– "ROBLA SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018" attached to this Official Statement.

**Financial Statements of the District**

*The following information concerning the operations and finances of the District is not intended to and does not suggest that the Bonds are secured by the general revenues or General Fund of the District, nor is the County obligated in any way with respect to the Bonds. The Bonds are general obligation bonds*

*of the District, secured and payable solely from ad valorem property taxes collected against taxable properties within the boundaries of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and other obligations is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem property taxes collected by the County to pay debt service on the Bonds. Pursuant to Section 15241 of the California Education Code, all tax revenues collected for payment of debt service on general obligation bonds, including the Bonds, must be deposited into the debt service fund of the District maintained within the County Treasury Pool. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."*

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues are derived from such sources as State of California (the "State") fund apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds used by the District are categorized as follows:

<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Proprietary Funds</u>
General Fund	Agency Funds	Internal Service Funds
Special Revenue Funds		
Debt Service Funds		
Capital Project Funds		

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The District's audited financial statements for fiscal year 2017-18 are attached hereto as APPENDIX C. The District has not requested its auditor to provide any review or update of such financial statements in connection with their inclusion in this Official Statement. Certain information from the District's financial statements follows.

## General Fund

The following table describes the District's audited financial results for the General Fund for fiscal years 2013-14 through 2017-18.

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
<b>Revenues</b>					
LCFF Sources	\$14,261,312	\$16,743,832	\$19,425,438	\$20,786,562	\$21,340,111
Federal Revenues	1,527,787	41,467,306	1,203,623	1,191,926	1,358,863
Other State Revenues	1,184,280	1,570,685	2,710,778	2,335,113	2,439,358
Other Local Revenues	1,519,918	1,670,567	1,983,284	2,233,974	2,561,052
Total Revenues	<u>\$18,493,297</u>	<u>\$21,452,390</u>	<u>\$25,323,123</u>	<u>\$26,547,575</u>	<u>\$27,699,384</u>
<b>Expenditures</b>					
Certificated Salaries	\$9,468,839	\$9,381,105	\$11,118,445	\$11,750,506	\$12,012,246
Classified Salaries	2,270,311	3,114,302	3,324,472	3,673,528	3,792,623
Employee Benefits	2,886,613	4,086,525	4,363,712	5,188,056	5,303,104
Books and Supplies	926,845	921,513	1,781,312	2,364,418	1,244,447
Services and Other Operating Expenditures	1,347,610	1,437,750	1,936,111	2,299,030	3,412,315
Capital Outlay	72,661	671,493	669,370	370,835	2,381,863
Other Outgo	103,069	154,181	45,432	(76,548)	(46,850)
Total Expenditures	<u>\$17,575,948</u>	<u>\$20,266,219</u>	<u>\$23,238,854</u>	<u>\$25,569,825</u>	<u>\$28,099,748</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>917,349</b>	<b>1,186,171</b>	<b>\$2,084,269</b>	<b>\$977,750</b>	<b>\$(400,364)</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers in	124,665	68,303	\$260,695	\$316,100	\$200,000
Operating Transfers out	-	131,038	3,046	316,100	456,947
Total Other Financing Sources (Uses)	<u>\$124,665</u>	<u>\$365,538</u>	<u>\$257,649</u>	<u>\$ -</u>	<u>\$(256,947)</u>
<b>Excess of Revenues and Other Financing Services Over Expenditures and Other Financing Uses</b>	<b>\$1,042,014</b>	<b>\$1,551,709</b>	<b>\$2,341,918</b>	<b>\$977,750</b>	<b>\$(657,311)</b>
<b>Beginning Fund Balances, July 1</b>	<b>\$3,620,115</b>	<b>4,662,129</b>	<b>\$6,213,838</b>	<b>\$8,555,756</b>	<b>\$9,533,505</b>
<b>Ending Fund Balances, June 30</b>	<b>\$4,662,129</b>	<b>6,213,838</b>	<b>\$8,555,756</b>	<b>\$9,533,506</b>	<b>\$8,876,194</b>

Source: The District.

## District Revenues

The District's General Fund is used to account for the day-to-day operations of the District. The General Fund is divided into two sections: unrestricted and restricted. Unrestricted revenue may be spent at the District's discretion. Restricted funds are moneys that can only be used for the purposes allowed by the funding agency.

Other state Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as new curriculum and technology, special education programs, instructional materials, and mentor teachers.

**Prop 39 Energy Grant.** Proposition 39, a voter approved initiative at the November 2012 statewide election, provides for annual transfers from the State General Fund to the Clean Energy Job Creation Fund for a period of five years, 2013-14 through 2017-18. The 2014-15 State Budget appropriated \$307 million to K-12 schools with 85 percent of the appropriation to be allocated based on 2013-14 ADA and 15 percent based on 2013-14 free and reduced-priced meals. Proposition 39 funds will be provided to schools to improve energy efficiency and create clean energy jobs. The total funding for the District was \$568



thousand which was allocated to HVAC replacement, re-roofing of Glenwood Elementary School, installation of LED lighting District-wide and upgraded thermostats.

**State Lottery.** The District receives a portion of the State Lottery (the “Lottery”) revenues. Lottery revenues allocated to the District 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. Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent (“FTE”). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and by the total FTE for the community colleges, University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. The Lottery revenues fiscal year 2017-18 were approximately \$449,757 and are budgeted to be approximately \$400,200 in fiscal year 2018-19.

**Developer Fees**

The District maintains a fund separate and apart from the General Fund to account for developer fees collected by the District. Residential development is assessed a fee of \$1.81 per square foot and a fee of \$0.29 per square foot of commercial/industrial construction. The following table sets forth the total developer fees collected during fiscal years 2013-14 through 2017-18, and the projected developer fees to be collected during fiscal years 2018-19 and 2019-20.

**ROBLA SCHOOL DISTRICT  
Developer Fees  
Fiscal Years 2013-14 through 2016-17 and  
Projections for Fiscal Years 2018-19 and 2019-20**

Fiscal Year	Total Developer Fees Collected
2013-14	\$ 62,310
2014-15	80,369
2015-16	58,119
2016-17	107,658
2017-18	111,250
2018-19 <sup>(1)</sup>	166,311
2019-20 <sup>(1)</sup>	150,000

<sup>(1)</sup> Projected year totals from Second Interim Report.  
Source: Robla School District.

**Redevelopment Revenue**

The District has received pass-through tax revenues from the Sacramento Housing and Redevelopment Agency. The receipt of redevelopment revenues may be reduced or eliminated due to the elimination of redevelopment agencies pursuant to State law. The following table sets forth the revenues received during fiscal years 2012-13 through 2015-16, and the projected revenues to be collected during fiscal years 2017-18 and 2018-19.

**ROBLA SCHOOL DISTRICT**  
**Redevelopment Revenue**  
**Fiscal Years 2012-13 through 2015-16 and**  
**Projections for Fiscal Years 2017-18 and 2018-19**

<u>Fiscal Year</u>	<u>Redevelopment Revenue Received by the District</u>
2012-13	\$110,334
2013-14	256,565
2014-15	124,028
2015-16	168,589
2016-17	170,699
2017-18	180,201
2018-19 <sup>(1)</sup>	180,201

<sup>(1)</sup> Projected  
Source: Robla School District.

**Budgets of the District**

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.

California Assembly Bill 1200 (“A.B. 1200”), effective January 1, 1992, tightened the budget development process and interim financial reporting for school districts, enhancing the authority of the county schools superintendents’ offices and establishing guidelines for emergency State aid apportionments. Many provisions affect District operations directly, while others create a foundation from which outside authorities (primarily state and county school officials) may impose actions on the District. A school district governing board must file with the county superintendent of schools a tentative budget by July 1 in each fiscal year and an adopted budget by September 8 of each fiscal year.

Under the provisions of A.B. 1200, school districts in the State must also conduct a review of their budgets according to certain standards and criteria established by the State Department of Education, and each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the governing board for approval. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls. The county office of education reviews the certification, completes the budget review checklist and conducts an analysis of any budget item that does not meet the established standards and issues either a positive, negative or qualified certification. A copy of the completed checklist, together with any comments or recommendations, must be provided to the district and its governing board by November 1. By November 30, every district must have an adopted and approved budget, or the county superintendent of schools will impose one. 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 will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Each certification is based on then-current projections.

The District has not had an adopted budget disapproved by the County Superintendent in the last ten years. The District received a qualified certification in fiscal year 2012-13 in connection with its first interim report, in fiscal year 2011-12 in connection with its second interim report, in fiscal year 2010-11 in connection with its second interim financial report, in fiscal year 2009-10 in connection with its second interim financial report, and in fiscal year 2007-08 in connection with its second interim financial report. The District's first interim report for fiscal year 2018-19 received a qualified certification, however, the District's second interim report received a positive certification.

Presented on the following page are the District's adopted budgets for fiscal years 2016-17 through 2018-19 and its second interim report for fiscal year 2018-19. The District adopted its budget for fiscal year 2018-19 on June 28, 2018. See APPENDIX C for the District's financial statements for fiscal year 2017-18.

**ROBLA SCHOOL DISTRICT  
COMPARISON OF ADOPTED BUDGETS<sup>(1)</sup>**

	<b>Adopted 2016-17 Budget</b>	<b>Adopted 2017-18 Budget</b>	<b>Adopted 2018-19 Budget</b>	<b>Second Interim Report 2018-19</b>
<b>Revenues</b>				
LCFF Sources	\$20,947,498	\$21,524,059	\$22,426,955	\$22,562,143
Federal Revenues	1,371,363	1,304,357	1,386,300	1,446,725
Other State Revenues	1,081,660	635,845	1,352,885	1,490,857
Other Local Revenues	1,413,619	1,631,863	1,666,708	1,920,605
Total Revenues	<u>\$24,814,140</u>	<u>\$25,096,124</u>	<u>\$26,832,848</u>	<u>\$27,420,330</u>
<b>Expenditures</b>				
Certificated Salaries	\$11,011,237	\$11,944,759	\$11,805,421	\$12,007,179
Classified Salaries	3,289,327	3,722,294	3,925,285	4,045,737
Employee Benefits	4,130,110	4,743,173	5,092,512	4,840,942
Books and Supplies	2,267,949	1,570,539	2,087,339	1,912,527
Services and Other Operating Expenditures	2,090,685	2,498,642	2,596,174	3,225,971
Capital Outlay	342,713	1,423,963	607,695	555,695
Other Outgo	(83,827)	(19,260)	72,500	72,500
Total Expenditures	<u>\$23,048,194</u>	<u>\$25,884,110</u>	<u>\$26,186,926</u>	<u>\$26,660,550</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$1,765,946</b>	<b>\$(787,986)</b>	<b>\$645,922</b>	<b>\$759,780</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	\$200,000	\$200,000	\$200,000	\$200,000
Total Other Financing Sources (Uses)	<u>\$(200,000)</u>	<u>\$(200,000)</u>	<u>\$(200,000)</u>	<u>\$(200,000)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>\$1,565,946</b>	<b>\$(987,986)</b>	<b>\$445,922</b>	<b>\$559,780</b>
<b>Beginning Fund Balance, July 1</b>	<b><u>\$6,347,333</u></b>	<b><u>\$8,759,419</u></b>	<b><u>\$8,701,006</u></b>	<b><u>\$8,720,411</u></b>
<b>Ending Fund Balances, June 30</b>	<b><u><u>\$7,913,279</u></u></b>	<b><u><u>\$7,771,433</u></u></b>	<b><u><u>\$9,146,928</u></u></b>	<b><u><u>\$9,280,191</u></u></b>

<sup>(1)</sup> Totals may not add due to rounding.  
Source: The District.

## **District Investments**

The Sacramento Director of Finance (the “Director of Finance”) manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Director of Finance by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County’s Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County’s Treasury Pool, *see* APPENDIX F – SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS.”

## **Significant Accounting Policies and Audited Financial Statements**

The California State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. Wilkinson Hadley King & Co. LLP, El Cajon, California, serves as independent auditor to the District and their report for the Fiscal Year Ended June 30, 2018, is attached hereto as APPENDIX C. The District’s auditor has not specifically approved the inclusion of such excerpts herewith.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District’s most recent available audited financial statements, *see* APPENDIX C.

## **FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA**

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment (“State Aid”) is subject to the appropriation of funds in the State’s annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District.

Historically, the majority of the District’s annual General Fund revenues have consisted of payments from or under the control of the State. Payments made to K-12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12 schools, college and universities, it does not protect the timing of such payments and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

On June 27, 2013, the State adopted a new method for funding school districts commonly referred to as the “Local Control Funding Formula” (the “LCFF”). The LCFF will be implemented in stages, beginning in fiscal year 2013-14 and will be fully implemented in fiscal year 2018-19. *See* “– Local Control Funding Formula” below for more information. Prior to adoption of the LCFF, the State used a revenue limit funding system, described below under “– Revenue Limit.”

**Revenue Limit Funding.** School districts in the State have historically received most of their revenues under a formula known as the “revenue limit.” Generally, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. The revenue limit system of funding has been replaced by the LCFF. A description of the revenue limit system is included herein as the District has historically received financial assistance from the State pursuant to this method of appropriations.

Each school district’s revenue limit, which was funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, was allocated based on the ADA of each school district for either the current or preceding school year. Generally, State Aid to a school district amounted to the difference between the school district’s revenue limit and the school district’s local property tax allocation from the general 1% *ad valorem* property tax levy.

**Local Control Funding Formula.** Effective in fiscal year 2013-14, the State established the LCFF, a new system for funding school districts, charter schools and county offices of education. The LCFF replaces the revenue limit funding system, as well as many categorical programs. The LCFF distributes State resources to schools through a guaranteed base funding grant per unit of ADA (a “Base Grant”). The Base Grants per unit of ADA for each grade span are: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. Full implementation of the LCFF is budgeted for fiscal year 2018-19. An annual transition adjustment is calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. Beginning in fiscal year 2014-15, the Base Grants are adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget.

The Base Grants for grades K-3 are subject to adjustments of 10.4% to cover the costs of class size reduction. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. The Base Grants for grades 9-12 are subject to adjustments of 2.6% for the provision of career technical education.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated; if the school district has students with both limited English proficiency and eligibility for reduced price meals, for instance, such students will not be duplicated for purposes of determining the additional funding grants. Foster students automatically qualify for free or reduced priced meals. A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold. The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal year 2013-14 through 2017-18 and projections for fiscal years 2018-19 and 2019-20.

**ROBLA SCHOOL DISTRICT**  
**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**  
**Fiscal Years 2013-14 through 2017-18 and Projections for Fiscal Years 2018-19 and 2019-20**

<b>Fiscal Year</b>	<b>Average Daily Attendance<sup>(1)</sup></b>			<b>Enrollment<sup>(2)</sup></b>	
	<b>K-3</b>	<b>4-6</b>	<b>Total ADA</b>	<b>Total Enrollment</b>	<b>% of EL/LI Enrollment</b>
2013-14	1,246	867	2,115	2,201	94.35
2014-15	1,217	911	2,128	2,231	93.44
2015-16	1,169	904	2,073	2,162	93.60
2016-17	1,159	924	2,083	2,188	93.67
2017-18	1,167	879	2,046	2,160	93.28
2018-19 <sup>(3)</sup>	1,131	827	1,958	2,047	92.30
2019-20 <sup>(3)</sup>	1,127	826	1,953	2,047	91.03

<sup>(1)</sup> Reflects P-2 ADA.

<sup>(2)</sup> As of October report submitted to the California Basic Educational Data System.

<sup>(3)</sup> Estimates based on the District's 2018-19 Second Interim Report.

Source: The District.

The LCFF provides for a permanent economic recovery target (“ERT”) add-on for school districts that would have received greater funding levels under the revenue limit system. The ERT is equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes.

Beginning July 1, 2014, school districts are required to develop a three-year Local Control and Accountability Plan (each, an “LCAP”). County Superintendent of Schools and the State Superintendent of Public Instruction will review and provide support to the districts and county offices of education under their jurisdiction. In addition, the Fiscal Year 2013-14 State Budget created the California Collaborative for Education Excellence (the “Collaborative”) to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to the district or county office’s local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

## **Charter School Funding**

A charter school is a public school authorized by a school district, county office of education or the State Board. A proposed charter school submits a petition to one of these entities for approval and that petition details the operations of the charter school. State law requires that charter petitions be approved if they comply with the statutory criteria. The District has certain fiscal oversight and other responsibilities with respect to both affiliated and independent charter schools. Affiliated charter schools, if any, would receive their funding from the District and would be included in the District's budgets and audit reports. On November 13, 2014, the District granted a three-year charter to its first charter school, Paseo Grande Charter School which became operational in fiscal year 2015-16. The District granted the renewal of the Paseo Grande Charter School, now known as the Marconi Charter, for an additional three years through June 20, 2021. Fiscally independent charter schools within the District's boundaries receive their funding directly from the State and are not included in the District's audit report and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State.

Charter schools generally receive funding in three broad categories. Charter schools receive a block grant that is similar to school district revenue limit funding and is based on statewide average revenue limits for school districts within specified ranges of grades. These charter school revenues are deducted from the amount of State Aid a school district is entitled to receive each year. Charter schools also receive a block grant in lieu of many categorical programs. Charter schools may spend these block grants for any educational purpose. The third broad category of funding for charter schools is categorical funds not included in the block grant. A charter school must apply for these funds, program by program, and if received, must spend the funds in accordance with the same program requirements as traditional schools. An increase in the number of independent charter schools within a school district, or of independent charter school students in a school district who had previously been students at a traditional school in that same school district, results in a reduction of the revenue limit and, possibly, program funding for that school district.

## **State Assistance**

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Underwriter, Bond and Disclosure Counsel or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, Bond and Disclosure Counsel or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites, including [www.dof.ca.gov](http://www.dof.ca.gov), which website is not incorporated herein by reference.

## **Fiscal Year 2018-19 State Budget**

On June 27, 2018, then-Governor Edmund Gerald "Jerry" Brown Jr. signed the fiscal year 2018-2019 State Budget Act (the "2018-19 State Budget"). The 2018-19 State Budget includes general fund revenues in the amount of \$129.8 billion for fiscal year 2017-18 and \$133.3 billion in fiscal year 2018-19. State general fund expenditures are \$127 billion for fiscal year 2017-18 and \$138.7 billion for fiscal year 2018-19. The 2018-19 State Budget includes a reserve balance of approximately \$15.73 billion, comprised of an approximate balance of \$1.96 billion in the Special Fund for Economic Uncertainties (the "SFEU") and an approximate balance of \$13.77 billion in the Budget Stabilization Account (the "BSA").

The 2018-19 State Budget acknowledges the State's recovery from the "Great Recession" and the historic growth in education funding. The State plans to continue to save for the next recession and to protect against future cuts by fully filling the BSA and emphasizing one-time expenditures. The 2018-19 State Budget discusses the minimum wage increase, the expansion of health care coverage, and the State's first earned income tax credit. The State has also improved in restoring fiscal health to its retirement benefit plans, paying down its budgetary borrowing, and improving the transportation and water systems within the State. The 2018-19 State Budget reflects an investment in education for K-12 schools with funding levels increased by over \$4,633 per student over fiscal year 2011-12 levels. Funding has grown by 66 percent over a seven-year period. The 2018-19 State Budget provides total funding of \$97.2 billion for all K-12 education programs, comprised of \$56.1 billion in the general fund and \$41.1 billion in other funds.

The 2018-19 State Budget includes Proposition 98 funding of \$78.4 billion. With the significant increase in funding, the State has been able to pay down debt owed to the schools for outstanding obligations, provide schools with larger grants of discretionary funding, and to fully implement the LCFF in fiscal year 2018-19. Further, the 2018-19 State budget enacts a new Proposition 98 certification process consistent with retiring debt and liabilities and to provide a new mechanism to ensure annual certifications.

The 2018-19 State Budget included the following significant adjustments affecting State K-12 school districts:

- Local Control Funding Formula – An increase of \$3.7 billion in Proposition 98 funding to fully implement the LCFF two years earlier than expected.
- Low-Performing Students Block Grant – \$300 million in one-time Proposition 98 funding to provide resources to local education agencies with students who perform at the lowest levels on the State's academic assessments, and do not generate supplemental LCFF funds or State or federal special education resources.
- State System of Support – \$57.8 million in Proposition 98 funding for county offices of education to provide technical assistance to school districts.
- Multi-Tiered Systems of Support ("MTSS") – \$15 million in one-time Proposition 98 funding to expand the State's MTSS framework to foster positive school climate.
- Community Engagement Initiative – \$13.3 million in one-time Proposition 98 funding for the California Collaborative for Educational Excellence and a co-lead county office of education to help build capacity for community engagement in the LCAP process.
- California Collaborative for Educational Excellence – \$11.5 million in Proposition 98 funding to support the Collaborative in its role within the statewide system of support.
- Special Education Local Plan Area ("SELPA") Technical Assistance – \$10 million in Proposition 98 funding for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the Statewide system of support.
- Career Technical Education ("CTE") – \$164 million in Proposition 98 funding to establish a K-12 specific component within the Strong Workforce Program.
- CTE Incentive Grant Program – \$150 million in ongoing Proposition 98 funding to make the State's Career Technical Education Incentive Grant Program permanent.



- One-Time Funding – An increase of \$1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices to further support local priorities.
- Teacher Residency Grant Program – \$75 million in one-time Proposition 98 funding to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs with \$50 million aimed at preparing and retaining special education teachers and \$25 million aimed at bilingual and STEM teachers.
- Local Solutions Grant Program – \$50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers.
- Classified School Employee Summer Assistance Program – \$50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the school year and then paid during the summer recess period.
- Classified School Employee Professional Development Block Grant Program – \$50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.
- Charter School Facility Grant Program – \$21.1 million one-time and \$24.8 million ongoing Proposition 98 funding to reflect increases in programmatic costs.
- English Language Proficiency Assessment for California (“ELPAC”) – \$27.1 million one-time Proposition 98 funding to convert the paper-based ELPAC to a computer based assessment and to develop an ELPAC assessment specific to students with exceptional needs.
- Kids Code After School Program – \$15 million one-time Proposition 98 funding to increase opportunities for students in after-school programs to access computer coding education.
- Fire-Related Support – \$4.4 million Proposition 98 funding over two years in property tax relief to schools impacted by the fires in Northern and Southern California in 2017, and an additional \$25 million Proposition 98 funding relief through the LCFF. The 2018-19 State Budget also holds harmless the average daily attendance used in calculating the LCFF for these counties for three years.
- California-Grown Fresh School Meals Grants – \$1 million in one-time Proposition 98 funding to encourage the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.
- Fiscal Crisis and Management Assistance Team (“FCMAT”) – \$972,000 Proposition 98 funding to allow FCMAT to coordinate with county offices of education to offer more proactive and preventive services to fiscally distressed school districts, specifically those with a qualified interim budget status (school districts that may not meet their financial obligations in the current year or subsequent two years).

## **Governor's 2019-20 May Revised State Budget**

On May 9, 2019, Governor Gavin Newsom released his May Revision to the fiscal year 2019-20 budget (the “2019-20 Revised State Budget”). The 2019-20 Revised State Budget projects general fund revenues in the amount of \$138.05 billion in fiscal year 2018-19 and \$143.84 billion in fiscal year 2019-20. The 2019-20 Revised State Budget projects that the State will end fiscal year 2018-19 with a reserve balance of approximately \$19.2 billion, comprised of an approximate balance of \$4.8 billion in the SFEU and an approximate balance of \$14.4 billion in the BSA. The 2019-20 Revised State Budget projects that the State will end fiscal year 2019-20 with an approximately \$18.1 billion reserve balance, comprised of approximately \$1.6 billion in the SFEU and approximately \$16.5 billion in the BSA.

The 2019-20 Revised State Budget describes the State’s financial situation as balanced, with a strong fiscal foundation as a result of paying down debts and building up reserves. The 2019-20 Revised State Budget acknowledges the State’s hard-won recovery and is centered on making necessary investments for a more effective government, promoting affordability and opportunity, and supporting justice and dignity for all Californians. For example, the 2019-20 Revised State Budget includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement liabilities. The 2019-20 Revised State Budget also addresses the unprecedented natural disasters which have occurred over the prior two years by proposing a one-time \$50 million general fund expenditure for local grants and to immediately begin a comprehensive statewide education campaign on disaster preparedness and safety. The 2019-20 Revised State Budget also includes a series of proposals to address early childhood education and improving early childhood health and wellness, and also creates a new “California EITC” by more than doubling the size of the State’s earned income tax credit to \$1.2 billion.

Under the 2019-20 Revised State Budget, general fund expenditures for fiscal year 2019-20 are \$147 billion (an increase of approximately \$3.8 billion from fiscal year 2018-19 general fund expenditures), of which \$58.7 billion (40%) is allocated to K-12 education. The 2019-20 Revised State Budget provides Proposition 98 funding of \$81.1 billion for fiscal year 2019-20. Compared to the 2019-20 Proposed State Budget, the 2019-20 Revised State Budget increases Proposition 98 funding by \$389.3 million.

The 2019-20 Revised State Budget notes that attendance in public schools has been on the decline and contains expectations that attendance will decline slightly in fiscal year 2018-19 and decline again in fiscal year 2019-20.

The 2019-20 Revised State Budget included the following significant adjustments affecting California K-12 school districts:

- LCFF Adjustments – An increase of \$70 million Proposition 98 General Fund in 2018-19 and a decrease of \$63.9 million Proposition 98 General Fund in 2019-20 for school districts, charter schools, and county offices of education to reflect changes in average daily attendance and cost-of-living (COLA only in 2019-20) that affect the LCFF calculation.
- Classified School Employees Summer Assistance Program – An increase of \$36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.
- AB 1840 Adjustments – An increase of \$3.6 million one-time Proposition 98 General Fund for Inglewood Unified School District and \$514,000 one-time Proposition 98 General Fund for Oakland Unified School District, amounting to 75 percent of the operating deficit of these districts, pursuant to Chapter 426, Statutes of 2018 (AB 1840).

- Local Property Tax Adjustments – An increase of \$146.6 million Proposition 98 General Fund in 2018-19 and \$142.1 million Proposition 98 General Fund in 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in both years.
- Wildfire-Related Cost Adjustments – An increase of \$2 million one-time Proposition 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of \$727,000 one-time Proposition 98 General Fund to reflect adjustments to the state’s student nutrition programs resulting from wildfire-related losses.
- Categorical Program Cost-of-Living Adjustments – A decrease of \$7.4 million Proposition 98 General Fund to selected categorical programs for 2019-20 to reflect a change in the cost-of-living factor from 3.46 percent at the Governor’s Budget to 3.26 percent at the May Revision.
- Categorical Program Growth – An increase of \$7.6 million Proposition 98 General Fund for selected categorical programs, based on updated estimates of average daily attendance.
- San Francisco Unified School District Excess Tax Correction – An increase of \$149.1 million one-time Proposition 98 General Fund to reflect a technical adjustment to excess property taxes related to a misallocation of these funds in 2016-17. Specifically, San Francisco did not properly calculate the excess tax allocation for the school district, which received taxes that should have been allocated to the county and city and special districts.

***Additional Information.*** Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.” Various analyses of the budget may be found at the website of the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information presented in these websites is not incorporated by reference in this Official Statement.

***Future State Budgets.*** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District’s revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

## APPENDIX B

### FORMS OF BOND COUNSEL OPINIONS

June 13, 2019

Board of Trustees  
Robla School District  
5248 Rose Street  
Sacramento, California 95838

Re: \$460,000 Robla School District (Sacramento County, California)  
General Obligation Bonds, Election of 1992, Series 2019J

Ladies and Gentlemen:

We have acted as Bond Counsel to the Robla School District, Sacramento County (the “County”), State of California (the “District”), in connection with the issuance by the District of \$460,000 aggregate principal amount of its General Obligation Bonds, Election of 1992, Series 2019J (the “Bonds”). The Bonds are issued pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, (ii) applicable provisions of the Education Code of the State of California, as amended, (iii) Article XIII A of the California Constitution and (iv) the resolution of the Board of Trustees of the District, adopted on May 9, 2019 (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.
2. The Bonds are payable solely from and are secured by a pledge of ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.
3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the “Tax Certificate”), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 5 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 and 5, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the

date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

June 13, 2019

Board of Trustees  
Robla School District  
5248 Rose Street  
Sacramento, California 95838

Re: \$46,200,000 Robla School District (Sacramento County, California)  
General Obligation Bonds, Election of 2018, Series 2019A

Ladies and Gentlemen:

We have acted as Bond Counsel to the Robla School District, Sacramento County (the "County"), State of California (the "District"), in connection with the issuance by the District of \$46,200,000 aggregate principal amount of its General Obligation Bonds, Election of 2018, Series 2019A (the "Bonds"). The Bonds are issued pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, (ii) applicable provisions of the Education Code of the State of California, as amended, (iii) Article XIII A of the California Constitution and (iv) the resolution of the Board of Trustees of the District, adopted on May 9, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax

Certificate”), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 5 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 and 5, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,



June 13, 2019

Board of Trustees  
Robla School District  
5248 Rose Street  
Sacramento, California 95838

Re: \$1,380,000 Robla School District (Sacramento County, California)  
2019 General Obligation Refunding Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel to the Robla School District, Sacramento County, State of California (the "District"), in connection with the issuance by the District of \$1,380,000 aggregate principal amount of its 2019 General Obligation Refunding Bonds (the "Bonds"). The Bonds are issued pursuant to (i) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, (ii) applicable provisions of the Education Code of the State of California, as amended, (iii) Article XIII A of the California Constitution and (iv) pursuant to the resolution of the Board of Trustees of the District, adopted on May 9, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitute the legally valid and binding obligations of the District, enforceable in accordance with their terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax

Certificate”), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 5 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 and 5, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

**APPENDIX C**

**ROBLA SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Robla School District (the “District”) in connection with the issuance of \$460,000 aggregate principal amount of General Obligation Bonds, Election of 1992, Series 2019J, \$46,200,000 aggregate principal amount of General Obligation Bonds, Election of 2018, Series 2019A and \$1,380,000 aggregate principal amount of 2019 General Obligation Refunding Bonds (collectively, the “Bonds”). The Bonds are being issued pursuant to the resolutions adopted by the Board of Trustees of the District on May 9, 2019 (collectively, the “Resolutions”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby 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 Bondholders and in order to assist Raymond James & Associates, Inc. (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**SECTION 2. Additional Definitions.** In addition to the above definitions and the definitions set forth in the Resolutions, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Designated Material Event” means any of the events listed in Section 6(a) of this Disclosure Certificate.

“Dissemination Agent” shall mean the District, or any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org), or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

“Financial Obligation” means (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Material Event” means any of the events listed in Section 6(b) of this Disclosure Certificate.

“Material Events Disclosure” means dissemination of a notice of a Designated Material Event or Material Event as set forth in Section 6.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“State” shall mean the State of California.

SECTION 3. CUSIP® Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated May 30, 2019.

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 270 days after the end of the District’s fiscal year (currently ending June 30), commencing with the report for the Fiscal Year ending June 30, 2019, to provide in a timely manner to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in paragraph (a) above, the District in a timely manner shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

SECTION 5. Content of Annual Report. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the EMMA System as soon as practical after it has been made available to the District.

(b) To the extent not included in the Financial Statements of the District, updated information for the tables labelled “Summary of Assessed Valuations,” “Assessed Valuations and Parcels by Land Use,” “Per Parcel Assessed Valuations of Single-Family Homes,” “Typical Total Tax Rates,” “Secured Tax Charges and Delinquencies,” “Largest Local Secured Taxpayers,” in the Official Statement, and in the tables labelled “General Fund” and “Developer Fees” in APPENDIX A to the Official Statement, information about the District’s Average Daily Attendance for the preceding Fiscal Year and the amount of bonded debt of the District as of the last day of the most recent fiscal year.

(c) If the District has received an updated actuarial report relating to its Other Post-Employment Benefits since the date of the Official Statement or, if more recent, the date of its last Annual Report (the “Updated Actuarial Report”), an update of the information in APPENDIX A to the Official Statement under the heading “– Other Post-Employment Benefits,” all based on the Updated Actuarial Report and only to the extent provided in the Updated Actuarial Report.

(d) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the EMMA System or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

**SECTION 6. Reporting of Designated Material Events and Material Events.**

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following Designated Material Events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity provider, or their failure to perform;
- (v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;
- (vi) Tender offers;
- (vii) Defeasances
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall 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 other

governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following Material Events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material events affecting the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(ii) Modifications of rights to Bondholders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Upon the occurrence of a Designated Material Event described in Section 6(a) hereof, or if the District determines that knowledge of a Material Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence of the Designated Material Event or Material Event file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of a Material Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

**SECTION 7. Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

**SECTION 8. Dissemination Agent.** The District may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this

Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolutions which is incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Certificate and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate under the following conditions, provided no amendment to this Disclosure Certificate shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Certificate, as amended, would 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 amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report 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.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Designated Material Event or a Material 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 to include it in any future disclosure or notice of occurrence of a Designated Material Event or Material Event.

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 Designated Material Event or Material Event, in addition to that which is required by this Disclosure Certificate.

SECTION 11. Default. The District shall give notice to the MSRB through the EMMA System of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder 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 any of the Resolutions, 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Original Purchaser and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: June 13, 2019

ROBLA SCHOOL DISTRICT

By: \_\_\_\_\_  
Chief Business Official

**EXHIBIT A**

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Robla School District

Name of Issue: \$460,000 General Obligation Bonds, Election of 1992, Series 2019J, \$46,200,000  
General Obligation Bonds, Election of 2018, Series 2019A, and \$1,380,000 2019  
General Obligation Refunding Bonds

Date of Issuance: June 13, 2019

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-captioned Bonds as required by Section 4(a) of the Continuing Disclosure Certificate dated June 13, 2019. The Issuer anticipates that the Annual Report will be filed by

\_\_\_\_\_.

Dated: \_\_\_\_\_

ROBLA SCHOOL DISTRICT

By: \_\_\_\_\_

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

*The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, as 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 Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. 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 Direct Participants are on file with DTC.*

#### **General**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). Such information is not incorporated herein by reference.

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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., 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 DTC 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.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

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

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

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

## APPENDIX F

### SACRAMENTO COUNTY POOLED SURPLUS INVESTMENTS

The Director of Finance of the County has the delegated authority to invest funds on deposit in the County Treasury (the “Treasury Pool”). As of April 30, 2019, investments in the Treasury Pool were held for local agencies including the County, the District, and other independent and miscellaneous agencies.

Decisions on the investment of funds in the Treasury Pool are made by the County Director of Finance in accordance with established policy. In Sacramento County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Director of Finance and adopted by the Board of Supervisors on an annual basis. The Investment Policy adopted on December 4, 2018, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Public Trust
4. Maximum Rate on Return

The Director of Finance as Treasurer for the District prepares a quarterly Report of Investments (the “Investment Report”) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted quarterly to the Board of Supervisors for its review. According to the Investment Report dated April 30, 2019, the book value of the Treasury Pool was approximately \$4,659,254,499 and the corresponding market value was approximately \$4,671,103,945.

An internal controls system for monitoring cash accounting and investment practices is in place. The County Auditor-Controller’s Division reconciles its general ledger figures to the Director of Finance’s cash and investments on a daily basis. The County Auditor Controller’s Division performs similar cash and investment reconciliation on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County’s outside independent auditor annually accounts for all investments.

The following table identifies some of the types of securities held by the Treasury Pool as of April 30, 2019.

<b><u>Type of Investment</u></b>	<b><u>% of Portfolio at Cost</u></b>
U.S. Agency, Treasury & Municipal Notes	24.35%
Supranationals	13.66
Commercial Paper	32.04
Certificates of Deposit	28.55
LAIF	1.40

The Board of Supervisors approved the establishment of a County Treasury Oversight Committee (the “Committee”) and subsequently confirmed all Committee members nominated by the Director of Finance. The Committee, which meets at least annually, is required to review and monitor for compliance the investment policies prepared by the Director of Finance.

*Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool and neither has made an assessment or investigation of the current County Investment Policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result*

*of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the approval of the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.*

**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**