

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2020**

**NEW ISSUE -- FULL BOOK-ENTRY**

**RATING:**  
**Moody's: "Aa2"**  
**See "Rating"**

*In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*

**\$85,000,000\***

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**(Counties of Napa and Solano, California)**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2016, SERIES 2020**

**Dated: Date of Delivery**

**Due: August 1, as set forth on inside cover**

The Fairfield-Suisun Unified School District (the "District") is issuing its General Obligation Bonds, Election of 2016, Series 2020 (the "Bonds"), to provide funds to modernize and improve District facilities. Proceeds of the Bonds will also be used to pay costs of issuance of the Bonds. The Bonds are the third and final series issued pursuant to the authorization by District voters on June 7, 2016, to issue up to \$249,000,000 principal amount of bonds.

The Bonds are general obligations of the District, payable from the proceeds of *ad valorem* taxes levied within the territory of the District, which the Board of Supervisors of the County of Solano and the Board of Supervisors of the County of Napa are empowered and obligated to levy, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except upon certain personal property that is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "Security and Sources of Payment for the Bonds."

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

Interest on the Bonds accrues from their date of delivery and is payable on August 1, 2020, and semiannually thereafter on February 1 and August 1 of each year. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, San Francisco, California, as Paying Agent, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

**The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.\*** See "The Bonds – Redemption."

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

**MATURITY SCHEDULE**  
**(on inside front cover)**

*It is anticipated that the Bonds will be sold at competitive sale to be held on Thursday, February 20, 2020, in accordance with an Official Notice of Sale related thereto. The Bonds will be offered when, as and if executed and delivered and received by the Purchaser selected pursuant to the competitive sale, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel to the District. Certain matters will also be passed upon for the District by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, as Disclosure Counsel to the District. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about March 5, 2020.*

This Official Statement is dated February \_\_\_, 2020

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\* Preliminary, subject to change

**\$85,000,000\***  
**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**(Counties of Napa and Solano, California)**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2016, SERIES 2020**

**MATURITY SCHEDULE\***

\$ \_\_\_\_\_ \* Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP®†
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield: .\_\_% - CUSIP®† \_\_\_\_\_

*\* Preliminary, subject to change*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the District, the County, Bond Counsel, Disclosure Counsel, or the Municipal Advisor are responsible for the selection or correctness of the CUSIP® numbers set forth above.

***Stabilization of and Changes to Offering Prices.*** The Purchaser may over-allot or take other steps that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated above, and those public offering prices may be changed from time to time by the Purchaser.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

***Information in Official Statement.*** The information set forth in this Official Statement has been furnished by the District and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

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

***Document Summaries.*** All summaries of documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and information concerning the Bonds are available from the District, 2490 Hilborn Road, Fairfield, CA 94534. The District may impose a charge for copying, mailing and handling.

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

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

***Website.*** The District maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**Counties of Napa and Solano, State of California**

**DISTRICT GOVERNING BOARD**

Judi Honeychurch, President  
John Silva, Vice President  
Joan Gaut, Board Clerk  
David C. Isom, Board Member  
Jonathan Richardson, Board Member  
Bethany Smith, Board Member  
Craig Wilson, Board Member

**DISTRICT ADMINISTRATION**

Kris Corey, Superintendent  
Michelle Henson, Assistant Superintendent, Business Services  
Laneia Grindle, Director of Fiscal Services  
Paul Speed, Executive Director of Facilities and Operations

**FINANCIAL ADVISOR**

Isom Advisors, A Division of Urban Futures, Inc.  
*Walnut Creek, California*

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation  
*Sacramento, California*

**PAYING AGENT, REGISTRAR, AND TRANSFER AGENT**

U.S. Bank National Association  
*San Francisco, California*

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## OFFICIAL STATEMENT

**\$85,000,000\***

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT  
(Counties of Napa and Solano, California)  
GENERAL OBLIGATION BONDS  
ELECTION OF 2016, SERIES 2020**

### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached appendices, is to set forth certain information concerning the issuance, sale, and delivery of the Fairfield-Suisun Unified School District General Obligation Bonds, Election of 2016, Series 2020 (the “Bonds”), to be issued by the Fairfield-Suisun Unified School District (the “District”) in the aggregate principal amount specified above.

The Bonds are being issued pursuant to the Paying Agent Agreement dated September 1, 2016, as supplemented by the First Supplemental Paying Agent Agreement dated August 1, 2018, and the Second Supplemental Paying Agent Agreement dated March 1, 2020 (as so supplemented, the “Paying Agent Agreement”), between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Paying Agent Agreement.

The Bonds are being issued to provide funds to modernize and improve District facilities. Proceeds of the Bonds will also be used to pay costs of issuance of the Bonds.

The Bonds are general obligations of the District. The Board of Supervisors of the County of Napa and the Board of Supervisors of the County of Solano (together, the “Counties”) have the power and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount (except certain personal property that is taxable at limited rates), upon all property within the District for the payment of the principal of and interest on the Bonds. See “Security and Sources of Payment for the Bonds.”

General information about the District is included in Appendix A. While the Bonds are general obligations of the District, the general fund of the District is not expected to be used to pay any of the debt service on the Bonds.

### THE BONDS

#### Authority for Issuance

The Bonds are general obligation bonds to be issued under provisions of the Constitution of the State of California, the laws of the State, including Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the State of California Government Code, commencing with Section 53506, and provisions of Title 1, Division 1, Part 10, Chapters 1 and 1.5 of the State of California Education Code, commencing with Sections 15100 and 15264, respectively, and pursuant to the Paying Agent Agreement. The Bonds represent part of an authorization of \$249,000,000 approved by 55% or more of the votes cast by District voters on June 7, 2016 (the “2016 Authorization”), to provide funding for improvements to school facilities. Pursuant to the 2016 Authorization, the District issued \$84,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2016, on September 28, 2016, and \$80,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2018, on August 9, 2018. The Bonds are the third and

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\* Preliminary, subject to change.

final series of bonds to be issued under the 2016 Authorization. After the issuance of the Bonds, the District will have no authorized but unissued bonds of the 2016 Authorization.

### **Purpose of the Bonds**

Proceeds of the Bonds are expected to be applied to finance the costs of a wide variety of modernization and other improvement projects at multiple school sites.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued and received by the Purchaser, subject to approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about March 5, 2020.

### **Description of the Bonds**

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC. Beneficial Owners of the Bonds will not receive physical certificates representing their interests in the Bonds but will receive a credit balance on the books of the nominees for such Beneficial Owners.

The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof. The Bonds are dated their date of delivery and will bear interest from such date. Interest on the Bonds is payable on August 1, 2020, and semiannually thereafter on February 1 and August 1 of each year.

The principal of and interest on the Bonds will be paid by the Paying Agent to DTC, which will in turn remit such payments to its DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. As long as Cede & Co. is the registered owner of the Bonds, the principal and interest on the Bonds is payable by wire transfer with same-day funds transferred by the Paying Agent to Cede & Co., as nominee for DTC.

As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See Appendix F – “Book-Entry- Only System” for more information about DTC. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered as described under the caption “Registration, Transfer and Exchange of Bonds.”

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

### **Redemption \***

***Optional Redemption.*** Bonds maturing on or after August 1, 20\_\_\_, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the District and at random within a maturity), on or after August 1, 20\_\_\_, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

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\* *Preliminary, subject to change.*



**Mandatory Sinking Fund Redemption.** The Bonds maturing on August 1, 20\_\_ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount thereof, together with interest thereon accrued to the redemption date, without premium.

\$ \_\_\_\_\_ Term Bonds Maturing on August 1, \_\_\_\_\_

Redemption Date  
(August 1)

Principal Amount

**Selection of Bonds for Redemption.** For purposes of selecting Bonds for optional redemption, each \$5,000 of principal will be deemed to be a separate Bond. If less than all the Outstanding Bonds of a maturity are to be redeemed, the Paying Agent will select the particular Bonds to be redeemed from the Outstanding Bonds that have not previously been called for redemption, in minimum amounts of \$5,000, at random in any manner that the Paying Agent in its sole discretion deems fair.

**Notice of Redemption.** When Bonds are being redeemed as described above, the Paying Agent shall mail notice of redemption not fewer than 30 nor more than 60 days prior to the redemption date by first-class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register. The Paying Agent shall also file such notice of redemption on the same day with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) website.

Each notice of redemption shall state (a) the date of the notice; (b) the series designation of the Bonds; (c) the date of issue of the Bonds; (d) the redemption date; (e) the Redemption Price; (f) the place or places of redemption (including the name and appropriate address or addresses of the Paying Agent); (g) the CUSIP® number (if any) of the maturity or maturities; and (h) if less than all of any such maturity, the distinctive certificate numbers of the Bonds of that maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each notice shall also (a) state that on the redemption date there will become due and payable on each of Bonds to be redeemed the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption; (b) state that from and after the redemption date interest thereon shall cease to accrue; and (c) require that the redeemed Bonds be then surrendered at the address or addresses of the Paying Agent specified in the redemption notice.

Failure by the Paying Agent to file notice with MSRB or failure of any Owner to receive notice or any defect in any notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Paying Agent to mail notice to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom the notice was mailed.

**Effect of Notice of Redemption.** Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Bonds so to be redeemed being held by the Paying Agent, on the redemption date designated in the notice (i) the Bonds so to be redeemed will become due and payable at the Redemption Price specified in the notice; (ii) interest on the redeemed Bonds will cease to accrue; (iii) the redeemed Bonds will cease to be entitled to any benefit or security under the Paying Agent Agreement; and (iv) the Owners of the redeemed Bonds will have no rights in respect thereof except to

receive payment of the Redemption Price. Upon surrender of any Bond for redemption in accordance with the redemption notice, the Paying Agent will pay the Redemption Price of the Bond.

***Right to Rescind.*** The District may make any optional redemption conditional upon the availability of moneys for payment of the Redemption Price on the redemption date designated in the notice and may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds called for redemption. Any optional redemption and notice thereof shall be rescinded, if, for any reason, on the date fixed for redemption, moneys are not available for such purpose in an amount sufficient to pay in full on that date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

### **Registration, Transfer and Exchange of Bonds**

If the book-entry system is discontinued, the provisions in the Paying Agent Agreement summarized below will govern the registration, exchange and transfer of the Bonds.

The Paying Agent will keep or cause to be kept, at the Paying Agent's Office, the Bond Register to provide for the registration and transfer of the Bonds. The Bond Register will be open to inspection by the District during normal business hours.

Upon surrender of a Bond for transfer at the Paying Agent's Office, the District will execute and, if required, the Paying Agent will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Series, tenor, and maturity and for an equivalent aggregate principal amount.

Bonds may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor, and maturity, upon surrender of the Bonds for exchange at the Paying Agent's Office. Upon surrender of Bonds for exchange, the District will execute and, if required, the Paying Agent will authenticate and deliver the Bonds that the Bondholder making the exchange is entitled to receive.

Every Bond presented or surrendered for transfer or exchange must be accompanied by a written instrument of transfer, in a form satisfactory to the Paying Agent, that is duly executed by the Owner or by his attorney duly authorized in writing. All fees and costs of any transfer or exchange of Bonds must be paid by the Bondholder requesting such transfer or exchange.

No transfer or exchanges of Bonds are required to be made (a) during the period established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond that has been selected for redemption in whole or in part, except the unredeemed portion of a Bond selected for redemption in part, from and after the day that the Bond has been selected for redemption in whole or in part.

### **Defeasance of Bonds**

The District may pay and discharge any of the Bonds by depositing in trust with the Paying Agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount that will, together with the interest to accrue thereon, be fully sufficient in the opinion of a certified public accountant to pay and discharge the indebtedness on such Bonds (including all principal and interest and premium) at or before their respective maturity dates.

If the District pays or causes to be paid all of the principal of, interest and premium, if any, on all of the Outstanding Bonds, then the Owners will cease to be entitled to the obligation to levy taxes for payment of the Bonds, and that obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement and under the Bonds will terminate and be satisfied and discharged, except only that the District will remain liable for payment of all principal of and interest and premium, if any, on the Bonds from moneys deposited with the Paying Agent.

### ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	Principal amount of Bonds	
	Net original issue premium	
		Total Sources: _____
Uses:	Deposit to Building Fund	
	Deposit to Tax Collection Fund	
	Purchaser's Discount	
	Costs of issuance <sup>(1)</sup>	
		Total Uses: _____

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<sup>(1)</sup> Includes the fees of the financial advisor, costs of printing, Paying Agent fees, legal fees, rating agency fees, and miscellaneous other costs of issuance.

## DEBT SERVICE SCHEDULES

### Bond Debt Service

Annual debt service on the Bonds, assuming no optional redemptions, is as shown in the following table.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2020  
Annual Debt Service Schedule**

Year Ending August 1	Principal	Interest	Total
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
Total			

### Combined General Obligation Bonds Debt Service

The following table shows the combined debt service schedule (assuming no optional redemptions) of the general obligation bonds of the District that will be outstanding following the issuance of the Bonds.

At the election held on March 5, 2002, the voters within the District authorized the issuance of \$100,000,000 principal amount of bonds (the “2002 Authorization”). Pursuant to the 2002 Authorization, the District issued its (i) General Obligation Bonds, Election of 2002, Series 2002 (the “Series 2002 Bonds”), in the aggregate principal amount of \$45,000,000, and (ii) General Obligation Bonds, Election of 2002, Series 2004 (the “Series 2004 Bonds”), in the aggregate principal amount of \$55,000,000. Following those issuances, none of the 2002 Authorization remains unissued. The Series 2002 Bonds were refunded by the District’s 2011 General Obligation Refunding Bonds. The Series 2004 Bonds were refunded by the District’s 2012 General Obligation Refunding Bonds. The District has authorized the issuance of and has sold its 2020 General Obligation Refunding Bonds to refund its 2011 General Obligation Refunding Bonds that mature on and after August 1, 2021; the 2020 General Obligation Refunding Bonds are expected to be issued on May 5, 2020.

Pursuant to the 2016 Authorization, the District issued \$84,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2016 (the “Series 2016 Bonds”), and \$80,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2018 (the “Series 2018 Bonds”). Following the issuance of the Bonds, none of the 2016 Authorization will remain unissued. See

Appendix A – “District General and Financial Information – District Financial Information – Long-Term Debt” for additional information concerning the general obligation bonds described in this paragraph.

The bonds identified below are secured by taxes levied on all of the taxable property within the District.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
Combined Annual Debt Service Schedule**

Year Ending August 1	2011 Refunding Bonds*	2012 Refunding Bonds	2016 Bonds	2018 Bonds	The Bonds	Aggregate Debt Service
2020	\$2,742,518.76	\$4,137,925.00	\$3,598,262.50	\$6,262,650.00		
2021	2,739,718.76	4,259,325.00	3,738,012.50	3,321,650.00		
2022	2,743,718.76	4,376,325.00	2,187,012.50	3,439,400.00		
2023	2,747,000.00	4,493,725.00	2,299,262.50	3,559,900.00		
2024	2,742,000.00	4,611,125.00	2,415,262.50	3,687,650.00		
2025	2,741,750.00	4,720,500.00	2,529,512.50	3,816,900.00		
2026	2,741,800.00	4,829,300.00	2,646,762.50	3,952,150.00		
2027	2,740,400.00	4,937,300.00	2,766,512.50	4,072,650.00		
2028	--	7,549,900.00	2,897,912.50	4,188,650.00		
2029	--	--	3,032,512.50	4,352,650.00		
2030	--	--	3,196,212.50	4,532,250.00		
2031	--	--	3,364,231.26	4,676,450.00		
2032	--	--	3,506,031.26	4,826,250.00		
2033	--	--	3,677,943.76	5,003,600.00		
2034	--	--	3,849,693.76	5,158,000.00		
2035	--	--	4,030,818.76	5,326,400.00		
2036	--	--	4,220,943.76	5,552,800.00		
2037	--	--	4,411,131.26	5,749,100.00		
2038	--	--	4,614,362.50	5,922,700.00		
2039	--	--	4,815,862.50	6,102,500.00		
2040	--	--	5,029,250.00	6,282,700.00		
2041	--	--	5,238,950.00	6,477,700.00		
2042	--	--	5,453,750.00	6,771,300.00		
2043	--	--	5,678,200.00	7,110,450.00		
2044	--	--	5,916,700.00	--	--	
2045	--	--	5,468,500.00	--	--	
2046	--	--	5,453,850.00	--	--	
<b>Total</b>	<b>\$21,938,906.28</b>	<b>\$43,915,425.00</b>	<b>\$106,037,456.32</b>	<b>\$120,146,450.00</b>		

\* The District expects to refund the 2011 General Obligation Refunding Bonds that mature on and after August 1, 2021, on May 5, 2020.

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

**Ad Valorem Property Taxes**

The Board of Supervisors of the County of Napa and the Board of Supervisors of the County of Solano have the power and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount (except certain personal property that is taxable at limited rates), upon all property within the District subject to taxation by the District for the payment of principal of and interest on the Bonds. Such taxes are required to be levied annually, in addition to all other taxes, during the period that any Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due.

When collected, the tax revenues will be deposited into a debt service fund (the “Tax Collection Fund”) that is maintained by Solano County ( the “County”). The County will transfer moneys from the taxes collected to the Paying Agent in the amounts necessary to pay debt service on the Bonds.

Although the Counties are obligated to levy *ad valorem* taxes for the payment of the Bonds, and Solano County will maintain the Tax Collection Fund used for repayment of the Bonds, the Bonds are not a debt of the Counties.

### **Lien on and Pledge of Taxes**

Pursuant to California Government Code section 53515, the Bonds and all of the District’s other general obligation bonds are secured by a statutory lien on all revenues received from the levy and collection of taxes for the payment of debt service. The lien attaches immediately and automatically, is valid and binding from the time the bonds are executed and delivered, and is enforceable against the local agency, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

In addition, in the Paying Agent Agreement, the District has pledged all revenues from the collection of ad valorem property taxes levied to pay debt service on the District’s general obligation bonds and the amounts on deposit in the Tax Collection Fund maintained by the County of Solano to secure the District’s general obligation bonds, including the Bonds. See “Legal Matters – Secured Status in Bankruptcy” for a discussion of the significance of the statutory lien and the pledge of tax revenues.

### **Property Tax Collection Procedures**

Taxes are levied by the Counties for each fiscal year on taxable real and personal property that is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien that is sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer-tax collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

### **Alternative Method of Tax Apportionment – “Teeter Plan”**

The Board of Supervisors of Solano County and the Board of Supervisors of Napa County have both adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the

“Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, “to accomplish a simplification of the tax levying and tax apportioning process and an increased flexibility in the use of available cash resources.”

Each of the Counties is responsible for determining the amount of the *ad valorem* tax levy on each parcel in the District that is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, each County auditor determines the total amount of taxes and assessments actually extended on the secured roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund’s credit. Such monies may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected.

The Teeter Plan is to remain in effect in a county unless the board of supervisors of that county orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives 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. If the Teeter Plan in one of the Counties were terminated, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes from property on the secured roll in that County would depend upon the collections of the general purpose *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District situated in that County.

### **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. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners.

State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the county assessor, who may grant or refuse the request, and may appeal an assessment directly to the county board of equalization, which rules on appealed assessments whether or not settled by the county assessor. The county assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers or reductions in assessed valuations initiated by the county assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly so that the fixed debt service on the Bonds may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the county treasurer against all taxing agencies who received tax revenues, including the District.

A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization (“SBE”). State-assessed property, or “unitary property,” is property of a utility system with components located in many taxing jurisdictions assessed collectively as part of a “going concern” rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

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.

Property within the District had a total assessed valuation for fiscal year 2019-20 of \$17,697,448,670. Shown in the following tables are the assessed valuations for the District since fiscal year 1999-00.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**Assessed Valuation**  
**Fiscal Year 1999-00 through Fiscal Year 2019-20**

**Solano County Portion**

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
1999-00	\$ 5,774,190,566	\$71,524,444	\$234,337,188	\$ 6,080,052,198	--
2000-01	6,328,607,163	51,300,673	297,782,051	6,677,689,887	9.83%
2001-02	7,034,822,980	31,212,586	339,958,723	7,405,994,289	10.91
2002-03	7,708,389,554	46,387,313	377,146,311	8,131,923,178	9.80
2003-04	8,727,724,331	40,474,114	396,577,299	9,164,775,744	12.70
2004-05	9,545,388,067	28,138,793	405,005,655	9,978,532,515	8.88
2005-06	10,901,750,608	26,402,676	442,601,393	11,370,754,677	13.95
2006-07	12,238,720,092	18,289,571	437,043,703	12,694,053,366	11.64
2007-08	13,516,289,216	19,884,851	431,662,275	13,967,836,342	10.03
2008-09	13,143,245,283	19,040,387	460,600,707	13,622,886,377	-2.47
2009-10	11,450,964,238	20,905,627	517,640,626	11,989,510,491	-11.99
2010-11	11,087,495,936	16,967,749	525,986,162	11,630,449,847	-2.99
2011-12	10,896,335,452	32,854,449	487,763,127	11,416,953,028	-1.84
2012-13	10,555,120,638	27,899,329	489,112,484	11,072,132,451	-3.02
2013-14	11,443,427,746	26,071,306	487,797,207	11,957,296,259	7.99
2014-15	12,369,973,363	24,718,067	496,760,073	12,891,451,503	7.81
2015-16	13,145,283,808	26,335,304	516,091,384	13,687,710,496	6.18
2016-17	14,009,052,848	24,037,434	521,102,266	14,554,192,548	6.33
2017-18	14,996,934,894	23,583,922	536,528,319	15,557,047,135	6.89
2018-19	16,042,105,771	22,636,081	547,678,359	16,612,420,211	6.78
2019-20	16,967,713,576	20,353,869	585,109,981	17,573,177,426	5.78

Source: California Municipal Statistics, Inc.



### Napa County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
1999-00	\$ 43,809,569	\$0	\$ 594,409	\$ 44,403,978	--
2000-01	46,630,057	0	595,726	47,225,783	6.35%
2001-02	50,946,080	0	669,733	51,615,813	9.30
2002-03	55,142,433	0	696,253	55,838,686	8.18
2003-04	60,574,780	0	711,277	61,286,057	9.76
2004-05	65,263,687	0	717,599	65,981,286	7.66
2005-06	71,233,963	0	1,069,388	72,303,351	9.58
2006-07	76,757,021	0	1,433,077	78,190,098	8.14
2007-08	82,895,548	0	1,407,178	84,302,726	7.82
2008-09	92,209,460	0	1,477,068	93,686,528	11.13
2009-10	93,221,475	0	1,668,745	94,890,220	1.28
2010-11	93,290,424	0	2,021,541	95,311,965	0.44
2011-12	93,762,273	0	2,043,938	95,806,211	0.52
2012-13	95,221,431	0	2,023,786	97,245,217	1.50
2013-14	98,495,214	0	3,124,532	101,619,746	4.50
2014-15	100,830,856	0	3,062,120	103,892,976	2.24
2015-16	104,329,799	0	2,957,917	107,287,716	3.27
2016-17	107,810,496	0	3,211,339	111,021,835	3.48
2017-18	121,743,880	0	4,089,628	125,833,508	13.34
2018-19	118,157,595	0	3,769,124	121,926,719	-3.10
2019-20	120,483,371	0	3,787,873	124,271,244	1.92

Source: California Municipal Statistics, Inc.

### Total District

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
1999-00	\$ 5,818,000,135	\$71,524,444	\$234,931,597	\$ 6,124,456,176	--
2000-01	6,375,237,220	51,300,673	298,377,777	6,724,915,670	9.80%
2001-02	7,085,769,060	31,212,586	340,628,456	7,457,610,102	10.90
2002-03	7,763,531,987	46,387,313	377,842,564	8,187,761,864	9.79
2003-04	8,788,299,111	40,474,114	397,288,576	9,226,061,801	12.68
2004-05	9,610,651,754	28,138,793	405,723,254	10,044,513,801	8.87
2005-06	10,972,984,571	26,402,676	443,670,781	11,443,058,028	13.92
2006-07	12,315,477,113	18,289,571	438,476,780	12,772,243,464	11.62
2007-08	13,599,184,764	19,884,851	433,069,453	14,052,139,068	10.02
2008-09	13,235,454,743	19,040,387	462,077,775	13,716,572,905	-2.39
2009-10	11,544,185,713	20,905,627	519,309,371	12,084,400,711	-11.90
2010-11	11,180,786,360	16,967,749	528,007,703	11,725,761,812	-2.97
2011-12	10,990,097,725	32,854,449	489,807,065	11,512,759,239	-1.82
2012-13	10,650,342,069	27,899,329	491,136,270	11,169,377,668	-2.98
2013-14	11,541,922,960	26,071,306	490,921,739	12,058,916,005	7.96
2014-15	12,470,804,219	24,718,067	499,822,193	12,995,344,479	7.77
2015-16	13,249,613,607	26,335,304	519,049,301	13,794,998,212	6.15
2016-17	14,116,863,344	24,037,434	524,313,605	14,665,214,383	6.31
2017-18	15,118,678,774	23,583,922	540,617,947	15,682,880,643	6.94
2018-19	16,160,263,366	22,636,081	551,447,483	16,734,346,930	6.70
2019-20	17,088,196,947	20,353,869	588,897,854	17,697,448,670	5.76

Source: California Municipal Statistics, Inc.

## Assessed Valuation by Land Use

The land use of property in the District as of fiscal year 2019-20 is shown below, as measured by local secured assessed valuation and number of parcels.

### FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT Assessed Valuation and Parcels by Land Use Fiscal Year 2019-20

	2019-20 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b>Non-Residential:</b>				
Agricultural	\$ 311,472,569	1.82%	831	1.93%
Commercial	1,863,560,225	10.91	827	1.93
Vacant Commercial	118,240,787	0.69	215	0.50
Industrial	1,489,808,791	8.72	347	0.81
Vacant Industrial	77,100,941	0.45	118	0.27
Government/Social/Institutional	53,487,819	0.31	2,328	5.42
Subtotal Non-Residential	\$3,913,671,132	22.90%	4,666	10.86%
<b>Residential:</b>				
Single Family Residence	\$11,598,478,047	67.87%	34,713	80.83%
Condominium/Townhouse	238,487,202	1.40	1,415	3.29
Mobile Home	11,647,248	0.07	362	0.84
Mobile Home Park	22,857,112	0.13	12	0.03
2+ Residential Units/Apartments	1,183,028,552	6.92	895	2.08
Vacant Residential	120,027,654	0.70	884	2.06
Subtotal Residential	\$13,174,525,815	77.10%	38,281	89.14%
<b>Total</b>	<b>\$17,088,196,947</b>	<b>100.00%</b>	<b>42,947</b>	<b>100.00%</b>

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

## Assessed Valuation of Single Family Homes

Set forth in the following table is the per-parcel assessed valuation of single family homes in the District for fiscal year 2019-20.

### FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT Per-Parcel Assessed Valuation of Single Family Homes Fiscal Year 2019-20

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	34,713	\$11,598,478,047	\$334,125	\$305,873

2019-20 Assessed Valuation	No of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	423	1.219%	1.219%	\$ 16,025,588	0.138%	0.138%
\$50,000 - \$99,999	1,832	5.278	6.496	136,931,819	1.181	1.319
\$100,000 - \$149,999	2,595	7.476	13.972	332,083,758	2.863	4.182
\$150,000 - \$199,999	4,056	11.684	25.656	710,623,871	6.127	10.309
\$200,000 - \$249,999	4,139	11.923	37.580	931,167,400	8.028	18.337
\$250,000 - \$299,999	3,890	11.206	48.786	1,069,318,754	9.219	27.557
\$300,000 - \$349,999	3,869	11.146	59.931	1,258,559,167	10.851	38.408
\$350,000 - \$399,999	3,570	10.284	70.216	1,334,961,630	11.510	49.918
\$400,000 - \$449,999	2,774	7.991	78.207	1,176,929,103	10.147	60.065
\$450,000 - \$499,999	2,214	6.378	84.585	1,050,196,445	9.055	69.119
\$500,000 - \$549,999	1,585	4.566	89.151	830,699,046	7.162	76.282
\$550,000 - \$599,999	1,194	3.440	92.591	685,151,120	5.907	82.189
\$600,000 - \$649,999	714	2.057	94.648	444,330,694	3.831	86.020
\$650,000 - \$699,999	456	1.314	95.961	306,234,540	2.640	88.660
\$700,000 - \$749,999	359	1.034	96.995	260,050,915	2.242	90.902
\$750,000 - \$799,999	256	0.737	97.733	197,741,654	1.705	92.607
\$800,000 - \$849,999	179	0.516	98.248	147,120,008	1.268	93.875
\$850,000 - \$899,999	135	0.389	98.637	117,982,228	1.017	94.893
\$900,000 - \$949,999	84	0.242	98.879	77,419,276	0.667	95.560
\$950,000 - \$999,999	52	0.150	99.029	50,617,519	0.436	95.997
\$1,000,000 and greater	337	0.971	100.000	464,333,512	4.003	100.000
Total	34,713	100.000%		\$11,598,478,047	100.000%	

<sup>(1)</sup> Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

## Typical Tax Rates

The rate of the annual *ad valorem* tax levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in tax rates.

The table below shows the tax rates on the secured roll during the past five fiscal years for Tax Rate Area No. 3-000, which is entirely within the District.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**Typical Tax Rates per \$100 of Assessed Valuation (TRA 3-000)<sup>(1)</sup>**  
**Fiscal Years 2015-16 through 2019-20**

	2015-16	2016-17	2017-18	2018-19	2019-20
General	1.000000	1.000000	1.000000	1.000000	1.000000
Fairfield-Suisun Joint Unified School District	.041852	.102954	.095832	.113773	.062655
Solano County Community College District	.034918	.035043	.024425	.038889	.032035
City of Fairfield	.004500	.004500	.004500	.004500	.003000
State Water Project Benefit Zone No. 2	.020000	.020000	.020000	.020000	.020000
<b>Total</b>	<b>1.101270</b>	<b>1.162497</b>	<b>1.144757</b>	<b>1.177162</b>	<b>1.117690</b>

<sup>(1)</sup> 2019-20 assessed valuation of TRA 3-000 is \$1,973,173,614 which is 11.15% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

**Largest Property Owners**

The following table shows the twenty largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2019-20.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**Largest Local Secured Taxpayers**  
**Fiscal Year 2019-20**

Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total <sup>(1)</sup>
1. Anheuser-Busch Comm Strat LLC	Industrial	\$ 323,761,255	1.89%
2. Star-West Solano LLC	Shopping Center	191,419,362	1.12
3. Gateway 80 Owner LP	Industrial	102,000,000	0.60
4. AMFP III Verdant LLC	Apartments	87,627,400	0.51
5. Cordelia Winery LLC	Industrial	77,406,538	0.45
6. Meyer Cookware Industries Inc.	Industrial	75,550,849	0.44
7. Invitation Homes Inc.	Residential	67,880,310	0.40
	Development		
8. PW Fund A LP	Industrial	64,368,447	0.38
9. Wal-Mart Real Estate Business Trust	Shopping Center	61,893,693	0.36
10. GPT Fermi Drive Owner LP	Industrial	59,000,000	0.35
11. SRGMF III West Texas FF LLC	Apartments	58,746,577	0.34
12. N/A Rolling Oaks-88 LP	Apartments	58,707,493	0.34
13. Pongus Mag Fairfield LLC	Shopping Center	50,799,368	0.30
14. Henley Owner LLC	Apartments	43,450,000	0.25
15. Guittard Chocolate Company	Industrial	42,623,594	0.25
16. Colony Starwood Homes	Residential	39,547,644	0.23
	Development		
17. Kaiser Foundation Hospitals	Medical Buildings	36,923,650	0.22
18. The Pointe LP	Apartments	33,695,149	0.20
19. Merced Bar LLC	Shopping Center	31,494,207	0.18
20. BMEF Bridgeport LLC	Apartments	31,207,556	0.18
		<b>\$1,538,103,092</b>	<b>9.00%</b>

<sup>(1)</sup> 2019-20 local secured assessed valuation: \$17,088,196,947

Source: California Municipal Statistics, Inc.

## **Direct and Overlapping Debt**

Set forth on the following page is a statement of direct and overlapping bonded debt (the “Debt Report”) prepared by California Municipal Statistics, Inc., and dated January 1, 2020. 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. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the Debt Report.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**  
**Dated as of January 1, 2020**

2019-20 Assessed Valuation: \$17,697,448,670

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	% Applicable	Debt 1/1/2020
Napa County Joint Community College District	0.294	\$263,894
San Joaquin Delta Community College District	0.069	130,703
Solano Community College District	31.189	87,259,243
Fairfield-Suisun Joint Unified School District	100.000	197,535,000 <sup>(1)</sup>
Fairfield-Suisun Joint Unified School District Community Facilities District No. 5	100.000	17,445,124
Fairfield-Suisun Joint Unified School District Community Facilities District No. 6	100.000	1,182,117
City of Fairfield		6,665,315
City of Suisun	100.000	1,296,035
Fairfield Municipal Park District Improvement District No. 1		1,777,649
City of Fairfield Community Facilities District No. 3	100.000	11,580,000
City of Fairfield Community Facilities District No. 2007-1	100.000	14,930,000
City of Fairfield 1915 Act Bonds	100.000	19,865,000
City of Suisun 1915 Act Bonds	100.000	1,290,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$361,220,080</b>
Less: Fairfield Municipal Park District Improvement District No. 1 supported obligation		1,777,649
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$359,442,431</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Solano County Certificates of Participation and Pension Obligation Bonds	30.279	\$25,778,026
Napa County and Board of Education Certificates of Participation	0.297	59,578
Fairfield-Suisun Joint Unified School District Certificates of Participation	100.000	900,013
City of Fairfield Pension Obligation Bonds	90.918	29,671,089
City of Suisun General Fund Obligations	100.000	5,862,116
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$62,270,822</b>
 <u>OVERLAPPING TAX INCREMENT DEBT</u>		
Successor Agency to Fairfield Redevelopment Agency	100.000	\$19,440,000
Successor Agency to Suisun Redevelopment Agency	100.000	33,590,000
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$53,030,000</b>
 <b>GROSS COMBINED TOTAL DEBT:</b>		<b>\$476,520,902 <sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT:</b>		<b>\$474,743,253</b>

(1) Excludes the Bonds described in this Official Statement.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$197,535,000).....	1.12%
Combined Direct Debt (\$198,435,013)	1.12%
Total Direct and Overlapping Tax and Assessment Debt.....	2.69%
Combined Total Debt .....	2.68%

Ratio to Redevelopment Incremental Valuation (\$7,245,513,609)

Overlapping Tax Increment Debt.....	0.73%
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Source: California Municipal Statistics, Inc.

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the Counties for the payment thereof. (See “Security and Sources of Payment for the Bonds.”) Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A and all applicable laws.

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

*Basic Property Tax Levy.* Article XIII A of the State Constitution limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness approved by two-thirds of the voters on or after July 1, 1978, for the acquisition or improvement of real property, and (iii) bonded indebtedness approved by 55% of the voters of a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities. Both the Bonds, which are issued pursuant to the 2016 Authorization (as described under “The Bonds – Authority for Issuance”) and the District’s other outstanding general obligation bonds were authorized in accordance with the provisions of Article XIII A described in clause (iii) of the preceding sentence.

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

Article XIII A permits reduction of the full cash value base in the event of a decline in property value caused by damage, destruction, or other factors. The full cash value base is not increased upon reconstruction of property damaged or destroyed in a disaster, if the fair market value of the property as reconstructed is comparable to its fair market value before the disaster. If the full cash value has been reduced owing to a decline in market value, the full cash value is restored to the full cash value base as quickly as the market price increases (without regard to the 2% limit on increases that otherwise applies).

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

*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 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

Under Article XIII B of the California Constitution, state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain monies that 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 appropriation of moneys that are excluded from the definition of “appropriations subject to limitation,” such as appropriations for voter-approved debt service, appropriations required to comply with certain mandates of the courts or the federal government, and appropriations for qualified capital outlay projects (as defined by the State Legislature).

The appropriations limit for each agency in each year is based on the agency’s limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted where applicable for transfer to or from another governmental entity of financial responsibility for providing services. With respect to school districts, “change in cost of living” is defined as the change in percentage change in California per capita income from the preceding year and “change in population” means the percentage change in average daily attendance for the preceding year.

The appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by an agency over such two-year period above the combined appropriations limit for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Under current statutory law, a school district that receives any proceeds of taxes in excess of the allowable limit need only notify the State Director of Finance and the District’s appropriations limit is increased and the State’s limit is correspondingly decreased by the amount of the excess.

## **Article XIII C and Article XIII D of the California Constitution**

Articles XIII C and XIII D of the California Constitution, adopted by Proposition 218 in November 1996, impose certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The District does not impose any such taxes, assessments, fees or charges; and, with the exception of *ad valorem* property taxes levied and collected by the Counties under Article XIII A of the California Constitution and allocated to the District, no such taxes, assessments, fees or charges are imposed on behalf of the District. Accordingly, while the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution’s prohibition against state or local laws “impairing the obligation of contracts.” The District’s general obligation bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once issued, the taxes needed to pay debt service on general obligation bonds would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

The interpretation and application of Proposition 218 and the U.S. Constitution’s contracts clause will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.



## Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and the propositions discussed above were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## LEGAL MATTERS

### Secured Status in Bankruptcy

California school districts are not authorized to file a petition in bankruptcy, and they are not subject to involuntary bankruptcy, but the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, is authorized by State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") for the adjustment of an insolvent school district's debts.

Adjustment of the debts of a municipality under Chapter 9 is typically accomplished either by extending debt maturities, reducing the amount of principal or interest, or refinancing the debt by obtaining a new loan. Different types of debt receive different treatment in municipal bankruptcy cases.

In particular, obligations secured by a "statutory lien" will be paid to the extent of the pledged revenue collected, although the operation of the automatic stay under section 362 of the Bankruptcy Code, which stops all collection actions against the debtor and its property upon the filing of the petition, may delay payments (unless the stay is lifted).

Obligations secured by a pledge of "special revenues" will continue to be secured and serviced during the pendency of the Chapter 9 case through continuing application and payment of ongoing special revenues, to the extent they are available. The application of pledged special revenues to indebtedness secured by such revenues is not subject to the automatic stay.

**Statutory Lien.** The Bonds are secured by a statutory lien on the *ad valorem* taxes levied to pay their debt service. The lien is described in California Government Code section 53515, which provides as follows:

(a) General obligation bonds issued and sold by or on behalf of a local agency shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. The lien shall automatically arise without the need for any action or authorization by the local agency or its governing body. The lien shall be valid and binding from the time the bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the local agency, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

(b) This section is not intended to supplement or limit a local agency's power to issue general obligation bonds conferred by any other law.

(c) For purposes of this section, both of the following shall apply:

(1) "Local agency" means any city, county, city and county, school district, community college district, authority, or special district.

(2) “General obligation bonds” means bonds, warrants, notes, or other evidence of indebtedness of a local agency payable, both principal and interest, from the proceeds of ad valorem taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

Because subsection (a) provides that the lien becomes effective upon delivery of bonds and is perfected immediately, the lien is not avoidable in bankruptcy under Section 545 of the United States Bankruptcy Code.

The ad valorem tax revenues that secure the Bonds are not commingled with other revenues of the District. California Education Code section 15251(a) provides as follows:

(a) When collected, all taxes levied shall be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf of which the tax was levied, to the credit of the interest and sinking fund of the school district, or community college district as designated by the California Community Colleges Budget and Accounting Manual, and shall be used for the payment of the principal and interest of the bonds and for no other purpose.

While, in general, legislation is prospective in effect, and the enacting legislation does not include a statement that it is declaratory of existing law, the legislative history indicates that the intent of the legislation was to make explicit a lien implicit in then-existing law (e.g., the restriction on use of collected taxes to the payment of debt service that is contained in Education Code section 15251 quoted above). Accordingly, the statutory lien likely applies to general obligation bonds issued prior to the January 1, 2016, effective date of Government Code section 53515.

**Special Revenues.** The term ‘special revenues’ includes “taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance the general purposes of the debtor.” Education Code section 15100 requires a district’s governing board to specify the purposes for which bonds are proposed to be issued; and Section 15146 provides that the proceeds of general obligation bonds shall not be applied to any purposes other than those for which the bonds were issued.

Based on the foregoing, *ad valorem* property taxes collected to pay debt service on California school district bonds may be special revenues, but there is no binding judicial precedent holding that they are. On the assumption that they are special revenues, the District has pledged all revenues from the collection of *ad valorem* property taxes levied to pay debt service on the Bonds and the amounts on deposit in the Tax Collection Fund held by the County of Solano to secure the Bonds.

**Qualification of Bond Counsel’s Opinion.** The proposed form of opinion of Bond Counsel, attached hereto as Appendix D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights.

## Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel for the District. The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, as Disclosure Counsel.

## TAX MATTERS

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon the analysis of existing statutes, regulations, ruling and court decisions,

and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. A complete copy of the proposed form of Opinion of Bond Counsel is set forth in Appendix D.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds that is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds and accrues on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as having “amortizable bond premium.” A purchaser of a Bond (either at original issuance or later) must amortize any premium over the Bond’s term using constant yield principles based on the purchaser’s yield to maturity (or, in some cases, over the period to call date based on the purchaser’s yield to call date). As premium is amortized, the purchaser’s basis in the Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of the Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Under Treasury Regulations, the amount of tax-exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to the purchaser. Purchasers of any Bonds at a premium should consult their own tax advisors with respect to the determination and treatment of amortizable bond premium for federal and state income tax purposes and with respect to state and local tax consequences of owning such Bonds.

The Internal Revenue Code of 1986, as amended, (the “Code”) imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel expects to render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service (“IRS”), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor’s rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

### **CONTINUING DISCLOSURE**

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) not later than March 31 of each year, commencing with the report for the 2019-20 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices will be filed by the District with the MSRB through its EMMA website. The specific nature of the information to be contained in the Annual Report and in the event notices is described in Appendix E – “Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Purchaser in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

The District has made undertakings pursuant to the Rule in connection with its outstanding indebtedness. In the previous five years, the District has complied with its undertakings in all material respects.

The District has engaged Government Financial Strategies inc. to act as dissemination agent for its continuing disclosure undertakings. In 2015, the District revised the terms of the dissemination agent engagement with Government Financial Strategies inc. in order to address delays in providing information under its previous undertakings.

### **LITIGATION**

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

### **RATING**

Moody’s Investors Service (“Moody’s”) has assigned its rating of “Aa2” to the Bonds. Such rating reflects only the views of the rating agency. An explanation of the significance of such rating may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by a rating agency, if, in its judgment,

circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **PROFESSIONALS INVOLVED IN THE OFFERING**

Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, is serving as Bond Counsel and Disclosure Counsel to the District for the issuance of the Bonds. Isom Advisors, A Division of Urban Futures, Inc., Walnut Creek, California, is serving as Financial Advisor to the District in connection with the sale of the Bonds. Bond Counsel, Disclosure Counsel, and the Financial Advisor will receive compensation contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California, will serve as Paying Agent with respect to the Bonds.

### **UNDERWRITING**

The Bonds were sold at a competitive sale held on February 20, 2020, pursuant to the terms set forth in an Official Notice of Sale for the Bonds, and were awarded to \_\_\_\_\_ (the "Purchaser"), whose proposal represented the lowest true interest cost to the District made by a responsible bidder submitting a conforming bid. The Bonds are being purchased by the Purchaser at a purchase price of \$\_\_\_\_\_, which represents the aggregate principal amount of the Bonds, plus net original issue premium of \$\_\_\_\_\_, less a purchaser's discount of \$\_\_\_\_\_.

The Purchaser will be obligated to take and pay for all of the Bonds if any are taken. The Purchaser intends to offer and sell the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Purchaser.

### **AUTHORIZATION**

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

**FAIRFIELD-SUISUN UNIFIED SCHOOL  
DISTRICT**

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

## APPENDIX A

### THE DISTRICT GENERAL AND FINANCIAL INFORMATION

*The information in this section concerning the operations of the District and its finances is provided as supplementary information. Debt service on the Bonds is payable from the proceeds of an ad valorem tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by the Counties on all taxable property in the District in an amount sufficient for the timely payment of such debt service. See “Security and Sources of Payment for the Bonds” in the front portion of this Official Statement. While the Bonds are general obligations of the District, the general fund of the District is not expected to be used to pay any of the debt service on the Bonds.*

#### Introduction

The Fairfield-Suisun Unified School District (the “District”) is a political subdivision of the State of California (the “State”) and provides educational services primarily to residents of the City of Fairfield, the City of Suisun, certain adjacent unincorporated portions of Solano County (the “County”), and a small portion of Napa County. The District is located approximately 50 miles northeast of San Francisco and 30 miles west of Sacramento, and encompasses approximately 270 square miles. The District operates 33 schools, consisting of three comprehensive high schools, three middle schools, 19 elementary schools, six specialty schools, one continuation high school, and one adult school, serving a total of approximately 21,271 students in fiscal year 2019-20. There are no charter schools operating within the District.

#### The Board of Trustees

The Board governs all activities related to public education within the jurisdiction of the District. The Board consists of seven members. Each Board member is elected by the public for a four-year term of office and elections for the Board are staggered every two years. The Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations and is accountable for all fiscal matters relating to the District. The current members of the Board and positions held are set forth below.

#### FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT Governing Board

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Judi Honeychurch	President	December 2020
John Silva	Vice President	December 2020
Joan Gaut	Clerk	December 2020
David C. Isom	Member	December 2022
Jonathan Richardson	Member	December 2022
Bethany Smith	Member	December 2020
Craig Wilson	Member	December 2022

#### Superintendent

The Superintendent of the District is appointed by and reports to the Governing Board. The Superintendent is responsible for management of the District’s day-to-day operations and supervises the work of other District administrators. Information concerning the Superintendent is set forth below.

**Superintendent, Kris Corey.** Ms. Corey has served as the Superintendent of the District since July 1, 2013. Ms. Corey was first employed by the District in 1986 as an elementary school teacher and later as an assistant principal and interim principal. She left the district for seven years and was employed as a multi-track elementary school principal in the Travis Unified School District. Ms. Corey returned to Fairfield-Suisun Unified in 2006 to serve as Director of Elementary Education and was subsequently promoted to Assistant Superintendent of Educational Services. Ms. Corey received a Bachelor of Arts degree with a double major in Elementary Education and Early Childhood Education from Augustana College, Sioux Falls, South Dakota. She achieved her Master of Arts degree in Educational Leadership and Administrative Credential from St. Mary’s College, Moraga, California.

**Employees**

The District currently employs 2,086.35 faculty and staff. The following table sets forth the District’s full-time equivalent (“FTE”) employees for fiscal years 2014-15 through 2018-19, as well as the projection for fiscal year 2019-20.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**District Employees (FTE)**

Year	Certificated	Classified	Total
2014-15	1,153.58	679.74	1,833.32
2015-16	1,186.26	723.24	1,909.50
2016-17	1,228.33	863.46	2,091.79
2017-18	1,235.36	817.76	2,053.12
2018-19	1,229.85	936.38	2,166.23
2019-20*	1,202.45	883.89	2,086.35

\* Projected

Source: Fairfield-Suisun Unified School District.

**Employee Relations**

California law provides that employees of public school districts of the State are to be divided into appropriate bargaining units, which then are to be represented by an exclusive bargaining agent.

The District has three recognized bargaining agents for its employees. The Fairfield-Suisun Unified Teachers Association (“FSUTA”) is the exclusive bargaining unit for the non-management, certificated personnel (credentialed teaching staff) of the District, excluding school psychologists and per diem substitute employees. The Ancillary Professions Association (“APA”) represents school psychologists.

The District’s other bargaining unit, the California School Employees’ Association (“CSEA”) Local #302, represents the remainder of the District’s non-management, classified (non-teaching) employees, such as custodial, clerical and instructional aide personnel.

Set forth in the following table are the District’s bargaining units, number of members, and salary and benefits contract status.

	Bargaining Unit	Number of Members	Status of Contract
Certificated	FSUTA	1,118.2	Contract expires June 30, 2022
Certificated	APA	30.6	Contract expires June 30, 2021
Classified	CSEA	863.34	Contract expires June 30, 2020

Source: Fairfield-Suisun Unified School District.

The District has 167.4 management and confidential employees not represented by a bargaining unit.

## Retirement System

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

**STRS.** All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. Both active plan members and the District are required to contribute at a statutorily established rate.

**PERS.** All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The District is part of the School Employer Pool, a "cost-sharing" pool for school employers within PERS. Active plan members are required to contribute 7.0% (or, for members added after 2012, at least half the "normal cost" of benefits, which is currently 6.0%) and the District is required to contribute an actuarially determined rate. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each participant.

**District Contributions.** The District's estimated retirement contributions for the fiscal year ended June 30, 2019, are as follows:

### FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT Retirement Contributions for Fiscal Year 2019-20 (estimated)

	Actual Number of Employees Covered	Total Employer Contributions	District's Fiscal Year 2019-20 Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
STRS	1,607	\$15,723,914.12	\$95,529,464.95	16.46%
PERS	1,356	8,129,714.69	42,079,949.18	17.1

Source: *Fairfield-Suisun Unified School District*

For the 2019-20 fiscal year the District has budgeted \$23,214,659 for STRS (reflecting a contribution rate of 17.1% of annual payroll) and \$8,106,624 for PERS (reflecting a contribution rate of 19.72% of annual payroll).

**State Pension Trusts.** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com); (ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.



Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS from their most recently released reports.

**FUNDED STATUS  
STRS (Defined Benefit Program) and PERS (Schools Plan)  
(Dollar Amounts in Millions) <sup>(1)</sup>**

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability <sup>(1)</sup>
State Teachers' Retirement Fund (STRS) Defined Benefit Program	\$297,603 <sup>(2)</sup>	\$190,451 <sup>(3)</sup>	\$107,152
Public Employees Retirement Fund (PERS) Schools Plan	\$92,071 <sup>(2)</sup>	\$64,846 <sup>(4)</sup>	\$27,225

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> June 30, 2018 valuation date.

<sup>(3)</sup> Reflects actuarial value of assets as of June 30, 2018.

<sup>(4)</sup> Reflects market value of assets as of June 30, 2018.

*Source: STRS Defined Benefit Program Actuarial Valuation; PERS State & Schools Actuarial Valuation.*

Unlike PERS, STRS contribution rates for participant employers, employees and the State are set by statute and do not vary from year-to-year based on actuarial valuations. Moreover, the employee and employer contributions rates prior to fiscal year 2014-15 had been long fixed at 8% and 8.25% of salaries. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. Legislation adopted in June 2014 requires increased contributions phased in over the next several years. Employee contributions were increased to 8.15% of salary in 2014-15 and increased to 10.25% in 2016-17 and thereafter. District contributions increased to 8.88% of payroll in 2014-15 and increase in steps to 19.1% in 2020-21 and thereafter. The State's contribution rate increased to 3.454% of payroll in 2014-15 and to 6.328% in 2016-17 and thereafter, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.828%. In addition, the legislation provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for Fiscal Year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016, actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017, actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

In April 2013, the PERS Board of Administration adopted a new employer rate-smoothing methodology for local governments and school employer rates. The new methodology uses a five-year direct rate-smoothing period and amortizes gains and losses over a fixed, 30-year period with a five-year ramp-up period at the beginning and a five-year ramp-down at the end of the amortization period. The related PERS staff report states that the new methodology is expected to result in higher volatility in employer contribution rates in normal years but much less volatility in years where extreme events occur. It further states that the methodology will result in an increased likelihood of higher peak employer contribution levels in the future

but not significantly increase average contribution levels. The changes affected employer contribution rates for the schools plans in fiscal year 2014-15 and thereafter. In February 2014, the PERS Board adopted new assumptions as part of a regular review of demographic trends. Key assumption changes included longer post-retirement life expectancy and earlier retirement ages. These assumptions are expected to increase costs for public agency employers, which costs will be amortized over 20 years and phased in over five years beginning in Fiscal Year 2016-17. In December 2016, the PERS Board voted to lower its expected investment rate of return from 7.5% to 7.35% in Fiscal Year 2017-18, 7.25% in 2018-19, and 7.0% in 2019-20. The new discount rates took effect beginning July 1, 2018, for school districts. The reductions in the assumed rate of return are expected to further increase employer contribution rates.

PERS' actuaries have estimated that recently adopted pension reform legislation may produce savings of between \$8.6 and \$10.8 million over the next 30 years for the schools plans; STRS' actuaries estimate savings of about \$22.7 million over that same period. The District cannot predict whether any of those projected savings will be realized by the District.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 (the "Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. These Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes affect the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (2) more components of full pension costs' being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates' being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities' being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns' being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013, and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2019, the District reported that its share of the net pension liabilities of STRS was \$160,074,000 and its share of the net pension liabilities of PERS was \$80,795,000. For additional information, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2019 – Note 7 – Net Pension Liability – State Teachers' Retirement Plan," "– Note 8 -- Net Pension Liability – Public Employer's Retirement Fund B," and "Required Supplementary Information."

### **Other Post-Employment Benefit Obligations**

The District provides post-employment healthcare benefits to age 65 for all employees who retire from the District on or after attaining age 55 with at least 15 years of service for certificated and management employees and 10 years of service for classified employees. Additional eligibility requirements relating to the combined age at retirement plus length of service are described in Note 9 – "Other Post-Employment Benefits (OPEB)" in Appendix B. Currently, 561 retirees meet eligibility requirements and receive those benefits. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis as premiums are paid. During the 2018-19 fiscal year, expenditures of \$2,680,284 were recognized for retirees' health care benefits.

As of June 30, 2018, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and the unfunded actuarial accrued liability (UAAL), was \$73.5 million.

For additional information related to the District's post-employment healthcare benefits plan, see Note 9 in the audited financial statements attached as Appendix B.

### **Insurance Risk Pooling**

The District is a member with other school districts of a Joint Powers Authority (JPA), North Bay Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. Each member of the JPA has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets. Historically, settled claims resulting from these risks have not exceeded commercial insurance coverage.

## **DISTRICT FINANCIAL INFORMATION**

### **District Financial Statements**

The District's Audited Financial Statements with supplemental information for the fiscal year ended June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the report dated December 5, 2019, of Crowe LLP (the "Auditor") are included in this Official Statement as Appendix B. The financial statements should be read in their entirety. The information set forth herein does not purport to be a summary of the District's financial statements.

In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

### **Accounting Practices**

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

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes measurable and available for the current period; and expenditures are recognized in the period in which the liability is incurred, although debt service expenditures are recorded only when payment is due. For more information on the District's accounting method, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2019," Note 1 – "Summary of Significant Accounting Policies."

### **District Budget**

The District is required by provisions of the California Education Code to maintain each year a balanced budget in which the sum of expenditures plus the ending fund balance for each year cannot exceed the revenues plus the carry-over fund balance from the previous year. The California State Department of

Education imposes a uniform budgeting format for each school district in the State. The budget is subject to review and approval by the County Superintendent of Schools. The County Superintendent examines the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identifies technical corrections necessary to bring the budget into compliance, determines if the budget allows the district to meet its current obligations and determines if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. The County Superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. Over the past ten years, the District has not had an adopted budget disapproved by the County Superintendent.

Pursuant to State law, the District adopted on June 27, 2019, a fiscal line-item budget setting forth revenues and expenditures so that appropriations during fiscal year 2019-20 will not exceed the sum of revenues plus beginning fund balance.

### **Interim Reports on Financial and Budgetary Status**

Every school district is required to file two interim certifications with the county superintendent (the first on December 15 for the period ended October 31 and the second by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certifications and issues either a positive, negative, or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent in that fiscal year or in the next succeeding year.

During the past five years, the District's interim certifications were positive for each of the Interim Reports during that period.

## Comparative Financial Statements

The following table shows the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2015-16 through 2018-19 from the District's audited financial statements.

### FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT General Fund Revenues, Expenditures and Changes in Fund Balances for fiscal years 2015-16 through 2018-19 (Audited)

	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
<b>REVENUES</b>				
Local Control Funding Formula (LCFF) sources:				
State apportionment	\$124,324,907	\$130,661,407	\$130,268,565	\$137,672,561
Local Sources	47,027,315	49,936,724	51,915,319	56,017,034
Total LCFF	171,352,222	180,598,131	182,183,884	193,689,595
Federal Sources:	9,996,354	9,299,977	9,395,819	10,148,862
Other State sources	23,222,651	16,910,082	17,711,143	32,057,749
Other Local sources	7,277,770	6,606,261	6,168,307	6,968,870
Total Revenues	211,848,997	213,414,451	215,459,153	242,865,076
<b>EXPENDITURES</b>				
Certificated salaries	93,082,251	92,363,946	95,305,069	95,096,749
Classified salaries	33,248,245	37,032,025	38,356,841	38,179,494
Employee benefits	42,518,774	46,271,634	52,411,166	64,042,387
Books and supplies	12,095,614	11,980,269	7,342,439	6,677,579
Contract services and operating expenditures	17,590,629	19,067,126	17,681,474	18,699,906
Other outgo	3,477,283	3,536,993	3,209,049	3,636,912
Capital outlay	3,889,515	297,455	626,175	681,588
Debt Service:				
Principal retirement	163,367	197,455	199,533	201,633
Interest and other charges	83,729	24,156	23,093	26,818
Total Expenditures	206,149,407	213,397,098	215,154,839	227,243,066
Excess (Deficiency) of Revenues Over (under) Expenditures	5,699,590	17,353	304,314	15,622,010
Other Financing Sources (Uses):				
Operating/Interfund Transfers In	489,761	664,087	576,514	571,913
Operating/Interfund Transfers Out	(850,000)	(1,863,347)	(1,350,002)	(2,850,000)
Proceeds from issuance of debt		--	--	
Total Other Financing Sources (Uses)	(360,239)	(1,199,260)	(773,488)	(2,278,087)
Net Change in Fund Balances	5,339,351	(1,181,907)	(469,174)	13,343,923
Fund Balances – July 1 (prior year)	28,732,515	34,071,866	32,889,959	32,420,785
Fund Balances – June 30 (current year)	\$34,071,866	\$32,889,959	\$32,420,785	\$45,764,708

Source: District's Audited Financial Statements for fiscal years 2015-16 through 2018-19.

The following table shows the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2018-19 (estimated actuals) and 2019-20 (First Interim Report).

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**  
**General Fund Revenues, Expenditures and Changes in Fund Balances**  
**for fiscal years 2018-19 (estimated actuals) and 2019-20 (First Interim Report)**

	Estimated Actuals 2018-19	First Interim 2019-20
<b>REVENUES</b>		
Local Control Funding Formula	\$194,426,480	\$198,021,886
Federal Revenue	11,014,835	12,375,262
Other State Revenues	20,523,561	14,962,718
Other Local Revenues	6,001,324	4,177,767
Total Revenues	231,966,200	229,537,633
<b>EXPENDITURES</b>		
Certificated salaries	97,599,939	99,308,345
Classified salaries	40,635,239	42,854,495
Employee benefits	54,223,471	57,825,891
Books and supplies	13,542,979	14,674,820
Services and other operating expenditures	22,278,222	22,613,434
Capital outlay	2,120,798	1,622,737
Other outgo (excluding Transfers of Indirect Costs)	3,668,408	4,795,543
Other Outgo (Transfers of Indirect Costs)	(573,084)	(566,524)
Total Expenditures	233,495,972	243,128,741
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,529,772)	(13,591,108)
Other Financing Sources (Uses):		
Interfund Transfers In	--	--
Interfund Transfers Out	11,868,546	6,400,000
Net Financing Sources (Uses)	(11,868,546)	(6,400,000)
Net Change in Fund Balances	(13,398,318)	(19,991,108)
Beginning Fund Balance	24,786,672	28,861,830 <sup>(1)</sup>
Fund Balance - Ending	\$11,388,354	\$8,870,722

<sup>(1)</sup> The First Interim Report adjusted this number to reflect that several expenditure items in the 2018-19 budget were not spent in 2018-19, which increased the actual ending fund balance for 2018-19 to \$28,861,830.

Source: District's Adopted Budget for fiscal year 2019-20; First Interim Report for fiscal year 2019-20.

**Cap on School District Reserves**

State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. For the District, the recommended amount is 3%. A school district that proposes to adopt or revise a budget that includes an ending fund balance that is higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance.

In a fiscal year immediately after a fiscal year in which the amount on deposit in the Public School System Stabilization Account established in the State General Fund (see “State Funding of Education -- Propositions 98 and 111 -- Minimum Funding Guarantee,” below) equals or exceeds 3% of the total of State General Fund revenues appropriated for school districts and local tax revenues (other than those that offset the State’s basic aid funding requirement), a school district’s adopted or revised budget may not contain an ending fund balance higher than 10% of the district’s combined assigned or unassigned ending general fund balance. A county superintendent may waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. If the cap were triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The District is unable to predict what the effect of a reserve cap on its budget might be.

The first deposit into the Public School System Stabilization Account since its inception in 2014 is expected to be made in 2019-20, followed by a withdrawal in 2020-21. The expected amounts of the deposit, \$542.2 million, and the subsequent withdrawal, \$37.6 million, would leave a balance in the account well below the amount that would trigger the caps, which is 3% of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.2 billion).

### **Sources of Funding for Operations**

Funding for the District’s operations is provided by a mix of (1) local property taxes, (2) State apportionments of general purpose and restricted purpose funds; (3) federal government grants; (4) development impact fees; (5) lottery funds; and (6) miscellaneous other revenues.

**Property Taxes.** Under current law, local agencies are not permitted to levy directly any property tax (except *ad valorem* taxes to pay debt service on voter-approved bonds and voter-approved non-*ad-valorem* taxes for limited purposes). Instead, general purpose *ad valorem* property taxes are automatically levied by each county at the maximum 1% property tax rate permitted by Proposition 13, and property tax revenue is distributed by the county among all the local government taxing agencies (including school districts) within the county according to a statutory formula. See “District Financial Information – Property Taxes,” below.

**State Funding. General Purpose Revenue.** Beginning in fiscal year 2013-14, the bulk of apportionments of State funding to school districts for general purposes has been allocated pursuant to a new system referred to as the “local control funding formula” (“LCFF”). Apportionment to school districts are made on the basis of uniform, target base rates per unit of ADA for each of four grade spans, subject to several adjustments, as described below. The annual State general purpose apportionment received by a school district amounts to the difference between such district’s total general purpose allocation and its share of the general purpose local property tax distributed to it by the county.

The LCFF replaces a funding system that allocated State general purpose funds based on school-district-specific (i.e., non-uniform) “revenue limits” per unit of ADA and allocated special purpose funds for specified programs, referred to as “categorical programs.” Under the LCFF, most, but not all, categorical program funding is eliminated.

For Fiscal Year 2019-20, the target base rates per unit of ADA for each grade span are as follows: (i) \$8,503 for grades K-3; (ii) \$7,818 for grades 4-6; (iii) \$8,050 for grades 7-8; and (iv) \$9,572 for grades 9-12. (The base rates shown for grades K-3 and 9-12 reflect increases of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in the early grades and to support college and career readiness programs in high schools.) Under full implementation of the LCFF, as a condition of receiving the K–3 base–rate adjustment, districts must maintain a K–3 school–site average class size of 24 or fewer students, unless collectively bargained otherwise. These target base rates are to be updated each year for cost–of–living adjustments (COLAs).

The LCFF provides additional funds to school districts based on the three-year rolling average of enrollment of students of limited English proficiency, students from low income families that are eligible for free or reduced priced meals, and foster youth. Students who are in more than one category are counted only once. Under the formula, each qualifying student generates an additional 20% of the student’s adjusted grade-span base rate. School districts whose qualifying student populations exceed 55% of their total enrollment will receive additional “concentration” funding equal to 50% of the applicable adjusted base rate multiplied by the percentage of such district’s qualifying student enrollment above the 55% threshold.

Funds for two categorical programs — the Targeted Instructional Improvement Block Grant and the Home-to-School Transportation program — are treated as add-ons to the LCFF. Districts that received funding from these programs in 2012–13 will continue to receive that same amount of funding in addition to what the LCFF provides each year.

Had general purpose allocations under the revenue limit system been fully funded and categorical program funding been restored, the previous funding system would have generated greater levels of funding than the LCFF for approximately 230 school districts (about 20% of districts). To address this issue, the new funding system provides the Economic Recovery Target (ERT) add-on to a subset of these districts. The ERT add-on amount equals the difference between the amount a district would have received under the old system and the amount a district would receive based on the LCFF in 2020–21. Approximately 130 districts are eligible to receive the ERT add-on. The 100 remaining districts are not eligible for the add-on because of their exceptionally high per-pupil funding rates. Specifically, a provision disallows a district from receiving an ERT add-on if its funding exceeds the 90th percentile of per-pupil funding rates under the old system (estimated to be approximately \$14,500 per pupil in 2020-21). The District does not qualify for the ERT add-on.

The LCFF is being implemented over a span of eight fiscal years. School districts will receive annual funding increases based on the difference between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, every school district will see the same proportion of its gap closed.

The following table shows a breakdown of the District’s fiscal years 2017-18 through 2019-20 (estimated) ADA by grade span, total enrollment, and the percentage of students classified as English learners, low-income, or foster youth (“EL/LI”).

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT  
ADA by Grade Span, Total Enrollment, and EL/LI Enrollment  
Fiscal Years 2018-19 and 2019-20; 2020-21 (Estimated)**

Fiscal Year	Average Daily Attendance <sup>(1)</sup> (By Grade Span)				Total District	Enrollment	
	TK-3	4-6	7-8	9-12		Total Enrollment	% EL/LI <sup>(2)</sup> Enrollment
2017-18	6,332.68	4,943.26	3,240.15	5,959.07	20,475.16	21,539	60.19%
2018-19	6,463.18	4,714.97	3,273.45	5,899.29	20,350.89	21,405	56.47
2019-20 <sup>(3)</sup>	6,393.28	4,646.88	3,234.16	6,002.68	20,277.00	21,446	57.84

<sup>(1)</sup> ADA is determined as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

<sup>(2)</sup> This percentage is calculated on the basis of the average of the current fiscal year and the prior two fiscal years.

<sup>(3)</sup> Estimated

Source: Fairfield-Suisun Unified School District



**Restricted Purpose Revenue.** Other State revenues allocated to school districts are restricted by the Legislature to particular uses (categorical programs). The LCFF eliminates approximately three-quarters of categorical programs. Under the LCFF system, 14 categorical programs remain, including special education, after-school safety and education programs, nutrition, and State preschool.

**Federal Sources.** The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. Revenues received from the federal government are restricted in their use, and are not available to pay debt service.

**Other State Sources.** In addition to State apportionments determined in accordance with the LCFF, the District receives substantial other State revenues (“Other State Sources”). These Other State Sources are primarily restricted revenues that fund items such as the Special Education Master Plan, home-to-school transportation, and instructional materials. Also included are funds received from the State lottery. The LCFF eliminated most categorical programs and correspondingly increased general purpose funding.

**Other Local Sources.** In addition to general purpose property taxes, the District receives additional local revenues from items such as the property tax levied to pay debt service on its general obligations bonds, a special parcel tax, developer fees, and interest earnings. The general obligation bond taxes are available only to pay debt service on the Bonds.

## **Long-Term Debt**

**General Obligation Bonds.** At an election held on March 5, 2002, the voters of the District authorized the issuance of \$100,000,000 principal amount of bonds for school facilities projects (the “2002 Authorization”). The bonds issued pursuant to the 2002 Authorization are secured by taxes levied on all of the taxable property within the District.

On August 1, 2002, the District issued its “General Obligation Bonds, Election of 2002, Series 2002” (the “Series 2002 Bonds”) in the aggregate principal amount of \$45,000,000. The Series 2002 Bonds were refunded by the District’s 2011 General Obligation Refunding Bonds (the “Series 2011 Bonds”) issued on October 26, 2011, in the aggregate principal amount of \$30,995,000. Of that amount, \$18,185,000 aggregate principal amount of Series 2011 Bonds remains outstanding. The District has authorized the issuance of and has sold its 2020 General Obligation Refunding Bonds, in the principal amount of \$15,205,000, to refund the 2011 General Obligation Refunding Bonds that mature on and after August 1, 2021; the 2020 General Obligation Refunding Bonds are expected to be issued on May 5, 2020. Following the expected refunding, only the August 1, 2020, maturity of the 2011 General Obligation Refunding Bonds, in the principal amount of \$1,945,000, would remain outstanding.

On June 23, 2004, the District issued its “General Obligation Bonds, Election of 2002, Series 2004” (the “Series 2004 Bonds”) in the aggregate principal amount of \$55,000,000. The Series 2004 Bonds were refunded by the District’s 2012 General Obligation Refunding Bonds (the “Series 2012 Bonds”) issued on November 14, 2012, in the aggregate principal amount of \$49,615,000. Of that amount, \$36,860,000 aggregate principal amount of Series 2012 Bonds remains outstanding.

With the issuance of the Series 2002 Bonds and Series 2004 Bonds, the District issued all principal amount of the bonds authorized by the 2002 Authorization.

At an election held on June 7, 2016, the voters of the District authorized the issuance of \$249,000,000 principal amount of bonds (the “2016 Authorization”) for funding for improvements to school facilities. Pursuant to the 2016 Authorization, the District issued (i) \$84,000,000 principal amount of its General Obligation Bonds, Election of 2016, Series 2016, on September 28, 2016, of which \$68,490,000 remains

outstanding, and (ii) \$80,000,000 principal amount of its General Obligation Bonds, Election of 2016, Series 2018, on August 9, 2018, of which \$74,000,000 aggregate principal amount remains outstanding. After the issuance of the Bonds, the District will have no authorized but unissued bonds of the 2016 Authorization.

**Special Tax Bonds.** In November 2015, the Fairfield-Suisun Unified School District Public Financing Authority (the “Authority”) issued \$28,775,000 aggregate principal amount of its 2015 Special Tax Refunding Bonds. The District is a party to the joint exercise of powers agreement that established the Authority but is not liable for the debts of the Authority. Debt service on the Authority’s bonds is secured by debt service payments on special tax bonds issued by the District for five community facilities districts formed by the District. The special tax bonds are limited obligations of the District payable only from the special taxes collected from properties within those community facilities districts.

**2006 Certificates of Participation.** On May 12, 2006, the District issued \$2,550,000 of certificates of participation. Of that amount, \$914,660 remains outstanding. Debt service on the certificates of participation is paid from the District’s general fund.

**Other Loans.** The District has an unpaid balance of \$851,082 on a loan from the State of California Energy Commission.

**Changes in Long-Term Debt.** A schedule of changes in long-term debt of the District for the year ended June 30, 2019, is shown below:

	Balance at July 1, 2018	Additions	Deductions	Balance at June 30, 2019
General Obligation Bonds	\$139,960,000	\$80,000,000	10,625,000	\$209,335,000
Unamortized Premiums	7,261,361	3,902,559	471,055	10,692,865
Mello-Roos Bonds	23,220,000	--	2,715,000	20,505,000
Certificates of Participation	1,039,787	--	125,127	914,660
California Energy Commission Loan	927,588	--	76,506	851,082
Post-retirement healthcare benefits	78,761,110	--	5,271,385	73,489,725
Net pension Liability	231,332,000	9,537,000	--	240,869,000
Compensated Absences	1,286,371	--	43,907	1,242,464
Total	\$483,788,217	\$93,439,559	\$19,327,980	\$55,899,796

*Source: Fairfield-Suisun Unified School District Audited Financial Statements for the year ended June 30, 2019*

## Property Taxes

See “Security and Sources of Payment of the Bonds” above for a general description of how property is assessed and how *ad valorem* property taxes are levied and collected.

## STATE FUNDING OF EDUCATION

As noted above, California school districts receive a significant portion of their general purpose funding from State appropriations. Variations in the level of State funding of school districts may affect this secondary source of security for payment of the Bonds.

## Propositions 98 and 111 -- Minimum Funding Guarantee

Proposition 98, a constitutional and statutory amendment adopted by California voters in 1988 and amended by Proposition 111 in 1990, guarantees a minimum level of funding for public education from kindergarten through community college (K-14).

Proposition 98 guarantees a level of funding based on the greater of two amounts determined under three different methods of calculation. The first amount is based on a percentage of General Fund revenues. This amount is defined under “Test 1” as the amount produced by applying the same percentage of General Fund revenues appropriated to K-14 education in 1986-87, or about 40%. (This percentage has been adjusted to approximately 39% to account for subsequent redirection of local property taxes, since such property tax shifts affect the share of districts’ revenue limits that are to be provided by State General Fund revenues.) The second amount is determined under one of two methods, “Test 2” or “Test 3,” the choice of which is determined based on the relative growth of per capita income and General Fund revenues.

In years of high or normal growth of General Fund revenues, Test 2 applies. Test 2 is designed to maintain prior-year service levels. The amount determined under Test 2 is the amount required to ensure that K-14 schools receive from State funds and local tax revenues the same amount received in the prior year, adjusted for changes in enrollment and for increases in per capita personal income. Test 3 is operative in years in which General Fund revenue growth per capita is more than 0.5% below growth in per capita personal income. The amount determined under Test 3 is the prior-year total level of funding from state and local sources, adjusted for enrollment growth and for growth in General Fund revenues per capita, plus 0.5% of the prior year level. If Test 3 is used in any year, the difference between the amount determined under Test 3 and Test 2 will become a credit (called the “maintenance factor”) to be paid to K-14 schools in future years when State General Fund growth exceeds personal income growth.

The State’s estimate of the total guaranteed amount varies through the stages of the annual budgeting process, from the Governor’s initial budget proposal to actual expenditures to post-year-end revisions, as various factors change. The guaranteed amount will increase as enrollment and per capita personal income grow. If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

In the last several decades, the State’s response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. In 1992-93, 1993-94, 2004-05, and 2005-06 the State required counties, cities, and special districts to shift property tax revenues to school districts, thereby relieving the State General Fund of some of the burden of the Proposition 98 guarantee. Proposition 1A, adopted by the voters in November 2004, prohibits the State from shifting property taxes from other local governments to school or community college districts without a two-thirds vote of both houses of the State Legislature. Proposition 22, approved by the voters in November 2010, eliminated the State’s authority to shift property taxes temporarily during a severe financial hardship of the State that had been permitted by Proposition 1A. Legislation enacted in June 2011 (and upheld by the California Supreme Court in December 2011) dissolved every redevelopment agency in the State effective February 1, 2012, which has made more property tax revenues available to school districts.

The State has also sought to avoid or delay paying settle-up amounts when State revenues have lagged. The State has also sought to avoid increases in the base guaranteed amount through several devices: by treating any excess appropriations as advances (or loans) against subsequent years’ Proposition 98 minimum funding levels rather than current year increases; by temporarily or permanently deferring year-end apportionments of Proposition 98 funds from one fiscal year to the next to reduce the ending fiscal year’s base; by suspending Proposition 98, as the State did in 2010-11; and by proposing to amend the Constitution’s definition of the guaranteed amount and settle-up requirement under certain circumstances.

The California Teachers' Association, the State Superintendent and others sued the State or the Governor in 1995, 2005, 2009, and 2011 to force them to fund the full settle-up amounts. In January 2018, the Legislative Analyst's Office estimated settle-up obligations to total about \$440 million. While legislation adopted to implement the settlements of these suits requires the State to pay down the obligation in annual installments, the repayments have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

Proposition 2, approved at the November 4, 2014, statewide election, among other things, revises the operation of Proposition 98 in some years. The measure creates a new State budget stabilization fund known as the "Public School System Stabilization Account." In years where capital gains tax revenues exceed 8% of total General Fund revenues, if a number of conditions are satisfied (including that Test 1 is operative, all maintenance factor obligations have been satisfied, and the Proposition 98 funding level is higher than the previous year), that part of the "excess" capital gains tax revenues accruing to the Proposition 98 guarantee, instead of being appropriated, would be deposited in the Public School System Stabilization Account, provided that the amount spent on schools and community colleges grows along with the number of students and the cost of living. The State would spend money out of the reserve in order to maintain spending on schools and community colleges in budgetary years in which such spending would otherwise decline from the prior year's level (adjusted for student population and cost of living). Proposition 2 thus changes when the State would otherwise be required to spend money on schools and community colleges but not the total amount of State spending for schools and community colleges over the long run.

## **State Budget Process**

The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year and requires the Legislature to adopt a final budget no later than June 15. The latter deadline was frequently missed when passage of the budget required a 2/3 majority of each house of the Legislature. The State's voters approved an amendment to the State Constitution in November 2010 that lowered the vote requirement to a simple majority of each house of the State Legislature. The lower vote requirement also applies to the budget trailer bills that specifically appropriate funds. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of each house of the State Legislature is still required to override any veto by the Governor. School district budgets must be adopted by the district's governing board by July 1 and then revised within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

***Possible Delays in Apportionments.*** If the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding may be treated differently. In 2002, a California Court of Appeal held in White v. Davis (also referred to as Jarvis v. Connell) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State constitution, such as appropriations for salaries of elected State officers, or (iii) required by federal law, such as payments to State workers (but at no more than minimum wage). The court specifically held that pre-budget disbursements of Proposition 98 funding for school districts are invalid. In 2003, the California Supreme Court upheld the decision of the Court of Appeal. During the 2003-04 State budget impasse, the State Controller nonetheless treated revenue limit (i.e., general purpose) apportionments to school districts as continuous legislative appropriations under statute. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

***Additional Delays in Apportionments.*** During the Great Recession, the Legislature authorized intra-year and inter-year deferrals of certain payments otherwise payable at earlier dates in the fiscal year to K-12

schools. The use of this cash-flow management device by the Legislature required some school districts to increase the size or frequency of their tax and revenue anticipation note borrowings.

### **Fiscal Year 2019-20 Budget**

On June 27, 2019, the Governor approved the 2019-20 Budget Act. Starting with an estimated prior year balance of \$6.772 billion, the 2019-20 State Budget includes projected general fund revenues and transfers of \$143.805 billion and \$147.781 billion in general fund expenditures. Based on these estimates and spending plans, and the projected balances in the several reserve funds at the end of Fiscal Year 2018-19, the State would end Fiscal Year 2019-20 with \$17.095 billion in reserves, comprising an ending fund balance of \$2.796 billion (\$1.385 billion in the Reserve for Liquidation of Encumbrances and \$1.412 billion in the Special Fund for Economic Uncertainties), \$16.516 billion in the State's Budget Stabilization Account (sometimes referred to as the "Rainy Day Fund"), \$377 million in the Public School System Stabilization Account, and \$900 million in the Safety Net Reserve.

The 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion of General Fund and \$44.6 billion of other funds) for all K-12 education programs. The Proposition 98 K-12 funding guarantee is estimated to be \$81.1 billion for 2019-20, an increase of \$1.9 billion above the revised 2018-19 amount. Under the Budget, K-12 Proposition 98 spending increases from \$11,640 per student in 2018-19 to \$11,993 in 2019-20. Per pupil spending from all state, federal, and local sources is estimated to be \$17,423.

The 2019-20 State Budget includes, among others, these significant provisions relating to K 12 funding, as described by the Department of Finance:

Local Control Funding Formula: Proposition 98 General Fund funding for the LCFF will increase by \$1.9 billion in 2019-20, reflecting a 3.26% cost-of-living adjustment.

STRS and PERS Contributions: The Budget includes a \$3.15 billion non-Proposition 98 General Fund payment to STRS and PERS on behalf of school and community college districts. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.4% in 2020-21. The payments will decrease the PERS Schools Pool employer contribution rate from 20.7% to 19.7% in 2019-20 and from 23.6% to 22.9% in 2020-21. The remaining \$2.3 billion would be paid toward the employers' long-term unfunded liability for both systems.

Underfunding of Proposition 98 Settle up Obligations: The Budget includes \$686.6 million to restore prior-year underfunding of the Proposition 98 guarantee.

Special Education Services: The Budget includes \$645.3 million in Proposition 98 General Fund funding to support special education services.

Full-Day Kindergarten Programs: The Budget includes a \$300 million one-time non-Proposition 98 General Fund allocation to construct new or retrofit existing facilities for full-day kindergarten programs.

Proposition 98 Reserve Fund Deposit: The Budget includes a constitutionally required deposit of \$376.5 million into the Public School System Stabilization Account.

### **Proposed Fiscal Year 2020-21 Budget**

On January 10, 2020, the Governor released his proposed State budget for Fiscal Year 2020-21 (the "Proposed Budget"). The Proposed Budget projects \$151.6 billion in general fund revenues and transfers, and the Governor's spending plan proposes \$153.1 billion in General Fund expenditures. Based on these estimates and spending plans, and the projected balances in the several reserve funds at the end of Fiscal Year

2019-20, the State would end Fiscal Year 2020 21 with \$23.150 billion in reserves, comprising an ending fund balance of \$3.786 billion (\$2.145 billion in the Reserve for Liquidation of Encumbrances and \$1.641 billion in the Special Fund for Economic Uncertainties), \$17.977 in the State's Budget Stabilization Account (sometimes referred to as the "Rainy Day Fund"), \$487 million in the Public School System Stabilization Account, and \$900 million in the Safety Net Reserve.

The Proposed Budget includes total Proposition 98 funding of \$84 billion for 2020-21, an increase of \$3 billion over the 2019-20 Budget level. Under the Proposed Budget, K-12 Proposition 98 spending increases from \$12,104 per student in 2019-20 to \$12,600 in 2020-21. Per pupil spending from all state, federal, and local sources is estimated to be \$17,964.

The Proposed Budget includes, among others, these significant provisions relating to K 12 funding, as described by the Department of Finance:

Local Control Funding Formula: Proposition 98 General Fund funding for school districts and charter schools will increase by \$1.20 billion in 2020-21, reflecting a 2.29% cost-of-living adjustment, which brings total LCFF funding to \$64.2 billion.

Underfunding of Proposition 98 Settle up Obligations: The Proposed Budget includes \$819 million to restore prior-year underfunding of the Proposition 98 guarantee.

Local Property Tax Adjustments: As a result of expected changes in offsetting property tax revenues, Proposition 98 General Fund funding for school districts and county offices of education will increase by \$7.3 million in 2019-20 but then decrease by \$1.1 billion in 2020-21.

School District Average Daily Attendance: As a result of decreases in projected ADA, funding for school districts would be decreased by \$268.5 million in 2019-20 and by \$175.1 million in 2020-21.

Cost-of-Living Increases for Non-LCFF Programs: An increase of \$122.4 million to support a 2.29% cost-of-living adjustment for categorical programs that remain outside the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

Educator Recruitment and Training: The Proposed Budget includes approximately \$900 million in one-time Proposition 98 General Fund funding for a variety of programs to expand and increase the preparedness of the State's public K-12 teacher and administrator workforce, especially in the State's low-income schools.

Special Education Funding: The Proposed Budget proposes a new special education base formula that uses a three-year rolling average of local educational agency ADA (but still allocated to SELPAs) and includes a 15% increase in the Proposition 98 General Fund contribution to the base formula funding over the amount provided in the 2019 Budget Act. The ongoing increase in the base rate would be funded with the \$645 million provided in the 2019 Budget Act for base rate increases and funding for preschool-age children with disabilities. In addition to the new base rate funding formula, the Proposed Budget includes an additional \$250 million of ongoing Proposition 98 General Fund funding to be allocated to school districts on a one-time basis based on the number of children ages 3 to 5 years with exceptional needs served.

Support for Low-Performing Schools and District: The Proposed Budget includes \$300 million in one-time Proposition 98 General Fund funding to: (1) establish Opportunity Grants for the state's lowest-performing schools and school districts and (2) expand the capacity of the California Collaborative for Educational Excellence in its role within the statewide system of support.

Community School Grants: The Proposed Budget includes \$300 million in one-time Proposition 98 General Fund funding to establish Community School grants for local educational agencies implementing innovative community school models that support integrated educational, health, and mental health services to students with a wide range of needs.

No Proposition 98 Reserve Fund Deposit: The Proposed Budget includes a withdrawal of \$37.6 million from the Public School System Stabilization Account.

### **Additional Information on State Finances**

The full text of proposed and adopted State budgets may be found at the internet website of the California Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." The Legislative Analyst's Office budget overviews and other analyses may be found at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Products." In addition, various State of California 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 at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov) or through the Municipal Securities Rulemaking Board's EMMA website at [emma.msrb.org](http://emma.msrb.org).

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

### **Future State Budgets**

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools as budgeted.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDED JUNE 30, 2019**



## APPENDIX C

### GENERAL INFORMATION ABOUT THE COUNTY OF SOLANO AND THE CITY OF FAIRFIELD

*The following information concerning the County of Solano (the “County”) and the City of Fairfield (the “City”) is included only for the purpose of supplying general information regarding the area of the Fairfield-Suisun Unified School District (the “District”). The Bonds are not a debt of the County, the City, the State of California (the “State”) or any of its political subdivisions, and neither the County, the City, the State nor any of its political subdivisions is liable therefor.*

#### Population

The following table lists population figures for the County, cities within the County, and the State for calendar years 2010 and 2015 through 2019.

#### COUNTY OF SOLANO Population Estimates Calendar Years 2010 and 2015 through 2019

Area	2010 <sup>(1)</sup>	2015	2016	2017	2018	2019
State of California	37,253,956	38,907,642	39,214,803	39,504,609	39,740,508	39,927,315
Total Solano County <sup>(2)</sup>	413,344	427,744	431,346	436,801	439,102	441,307
Benicia	26,997	27,559	27,589	27,600	27,641	27,570
Dixon	18,351	19,047	19,262	19,354	19,533	19,794
Fairfield	105,321	112,137	112,820	115,311	115,966	117,149
Rio Vista	7,360	8,169	8,492	8,812	9,083	9,416
Suisun City	28,111	28,842	29,064	29,320	29,448	29,447
Vacaville	92,428	94,236	96,082	97,295	98,226	98,807
Vallejo	115,942	118,475	118,635	119,555	119,637	119,544
<b>Balance of County</b>	<b>18,834</b>	<b>19,279</b>	<b>19,401</b>	<b>19,554</b>	<b>19,568</b>	<b>19,580</b>

<sup>(1)</sup> Decennial Census.

<sup>(2)</sup> Figures may not add due to independent rounding.

Source: State of California, Department of Finance: (i) E-4 Population Estimates for Cities, Counties and the State, 2015-2019, with 2010 Census Benchmark.

## Industry and Employment

The table below provides information about employment rates and employment by industry type for the County for calendar years 2014 through 2018. Unemployment rates are not available for the District.

**COUNTY OF SOLANO**  
**Civilian Labor Force, Employment and Unemployment**  
**Calendar Years 2014 through 2018**  
**Annual Averages**

	2014	2015	2016	2017	2018
Civilian Labor Force <sup>(1)</sup>	202,800	205,000	207,400	208,400	209,700
Employment	187,500	192,500	196,000	198,500	201,600
Unemployment	15,200	12,600	11,400	9,900	8,200
Unemployment Rate <sup>(2)</sup>	7.5%	6.1%	5.5%	4.8%	3.9%
Wage and Salary Employment: <sup>(3)</sup>					
Farm	1,800	1,800	1,800	1,700	1,700
Mining and Logging	500	500	500	500	600
Construction	8,400	9,000	10,300	10,400	11,300
Manufacturing	11,000	11,700	11,900	12,400	12,500
Wholesale Trade	4,300	4,400	4,100	4,300	4,600
Retail Trade	17,500	18,400	18,600	18,700	18,700
Transportation, Warehousing, Utilities	4,000	4,300	4,500	4,500	4,700
Information	1,100	1,100	1,100	1,100	1,100
Financial Activities	4,800	4,900	5,100	5,100	5,200
Professional and Business Services	10,400	10,400	10,200	10,500	10,800
Educational and Health Services	23,100	24,200	25,700	26,800	27,400
Leisure and Hospitality	14,300	14,800	15,100	15,200	15,300
Other Services	4,000	4,100	4,100	4,300	4,200
Federal Government	3,700	3,700	3,700	3,700	3,500
State Government	5,200	5,200	5,300	5,300	5,300
Local Government	15,600	15,900	16,200	16,100	16,000
Total all Industries <sup>(4)</sup>	129,500	134,100	138,000	140,400	143,000

<sup>(1)</sup> Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

<sup>(2)</sup> The unemployment rate is calculated using unrounded data.

<sup>(3)</sup> Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

<sup>(4)</sup> Data may not add due to rounding.

Source: State of California Employment Development Department; Industry Employment & Labor Force – by Annual Average. March 2018 Benchmark.

## Largest Employers

The following tables list the largest manufacturing and non-manufacturing employers within the County in alphabetical order:

### COUNTY OF SOLANO Largest Employers

Employer Name	Location	Industry
Aerospace Medical	Travis AFB	Medical Centers
California Medical Facility	Vacaville	Hospitals
Duravent Inc	Vacaville	Ventilating Equipment (whls)
Flatiron Construction Corp.	Benicia	General Contractors
Genentech Inc.	Vacaville	Pharmaceutical Products – Wholesale
Guittard Chocolate Co.	Fairfield	Chocolate & Cocoa (Whls)
Jelly Belly Candy Co.	Fairfield	Management Services
Jelly Belly Factory	Fairfield	Candy & Confectionery - retail
Kaiser Permanente Vallejo Med	Vallejo	Hospitals
Mike’s Auto Body	Vallejo	Automobile body – Repairing & Painting
Northbay Healthcare Green Vly	Fairfield	Health Services
Northbay Medical Ctr	Fairfield	Hospitals
Northbay Vacavalley Hospital	Vacaville	Hospitals
Quick Lane	Fairfield	Tire-Dealers-Retail
Six Flags	Vallejo	Amusement & Theme Parks
Solano County	Fairfield	County Government-Executive Offices
Solano County Sheriff	Fairfield	Government Offices – County
Solano County Special Edu	Fairfield	Schools with Special Academic Education
Sutter Solano Medical Ctr	Vallejo	Hospitals
Touro University California	Vallejo	University-College Dept/Facility/Office
Travis Air Force Base	Travis AFB	Military Bases
USDA Forest Svc	Vallejo	Government Offices – US
Vacaville City Hall	Vacaville	City Government – Executive Offices
Valero Benicia Refinery	Benicia	Oil Refiners (Mfrs)
Vallejo City Manager’s Office	Vallejo	Government Offices – City, Village & Twp

*Source: State of California Employment Development Department, extracted from The America’s Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.*

**Personal Income**

The following table summarizes total personal income for the County for the period from 2014 to 2018.

**COUNTY OF SOLANO  
PERSONAL INCOME<sup>(1)</sup>  
2014 - 2018  
(dollars in thousands)**

Year	Solano County	Annual Percent Change
2014	\$17,962,480	--
2015	19,259,971	7.22%
2016	20,646,738	7.20
2017	21,467,887	3.98
2018 <sup>(2)</sup>	23,073,555	7.48

<sup>(1)</sup> Estimates for 2014-2018 reflect County population estimates available as of March 2019.

<sup>(2)</sup> Latest data available

*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

The following table summarizes per capita personal income for the County, the State of California and the United States for the period from 2014 through 2018.

**COUNTY OF SOLANO  
PER CAPITA PERSONAL INCOME<sup>(1)</sup>  
2014 - 2018**

Year	Solano County	California	United States
2014	\$41,812	\$51,344	\$46,494
2015	44,345	54,718	48,451
2016	46,999	57,739	49,870
2017	48,364	60,156	51,885
2018 <sup>(2)</sup>	51,664	63,557	54,446

<sup>(1)</sup> Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2014-2018 reflect county population estimates available as of March 2019.

<sup>(2)</sup> Latest data available

*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

## Commercial Activity

A summary of historic taxable sales within the City and County during the past five years in which data are available is shown in the following table.

**CITY OF FAIRFIELD AND COUNTY OF SOLANO**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(dollars in thousands)**

	City of Fairfield		County of Solano	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2014	2,047	\$1,823,679	8,206	\$6,700,391
2015	2,307	1,934,957	9,175	7,044,953
2016	2,322	1,932,013	9,421	7,277,925
2017	2,390	1,949,566	9,627	7,675,773
2018 <sup>(1)</sup>	2,528	1,992,380	10,255	7,881,172

<sup>(1)</sup> Latest annual data available.

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

## Construction Activity

A summary of historic residential building permit valuation for the Vallejo-Fairfield Metropolitan Area between 2013 and 2017 (the latest annual data available) is shown in the following table.

**CITY OF FAIRFIELD AND COUNTY OF SOLANO**  
**Residential Building Permit Valuation**  
**(dollars in thousands)**

Year	Units	Valuation
2013	775	\$133,207
2014	646	167,513
2015	1,434	314,904
2016	944	251,034
2017	907	247,225

Source: U.S. Bureau of the Census.

**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**

[Closing Date]

Governing Board  
Fairfield-Suisun Unified School District  
2490 Hilborn Road  
Fairfield, California

Re: \$85,000,000  
Fairfield-Suisun Unified School District  
General Obligation Bonds, Election of 2016, Series 2020  
***Final Opinion of Bond Counsel***

Members of the Governing Board:

We have acted as bond counsel in connection with the issuance by the Fairfield-Suisun Unified School District (the “District”) of \$85,000,000 principal amount of Fairfield-Suisun Unified School District, General Obligation Bonds, Election of 2016, Series 2020 (the “Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

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

1. The Bonds have been duly authorized and executed by the District and are valid and binding general obligations of the District.
2. All taxable property in the territory of the District is subject to *ad valorem* taxation without limitation regarding rate or amount (except certain personal property that is taxable at limited rates) to pay the Bonds. Solano County and Napa County are required by law to include in their annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.
3. Interest on the Bonds is excludable from gross income for federal tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from State of California personal income taxation.

The rights of the owners of the Bonds and the enforceability thereof are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD,  
A Professional Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ \_\_\_\_\_  
FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT  
(Solano and Napa Counties, California)  
General Obligation Bonds, Election of 2016, Series 2020

CONTINUING DISCLOSURE CERTIFICATE

Dated: [closing date], 2020

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is delivered by the Fairfield-Suisun Unified School District (the “District”) in connection with the issuance of the above-referenced bonds (the “Bonds”) pursuant to a Paying Agent Agreement dated September 1, 2016, as amended by a First Supplemental Paying Agent Agreement dated August 1, 2018, and a Second Supplemental Paying Agent Agreement dated March 1, 2020 (collectively, the “Paying Agent Agreement”), between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

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

**Section 2. Definitions.** Unless the context otherwise requires, the definitions set forth in the Paying Agent Agreement apply to this Disclosure Certificate. The following additional capitalized terms shall have the following meanings:

**Annual Report** means any report provided by the District pursuant to, and as described in, Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Reports) of this Disclosure Certificate.

**Annual Report Date** means the date that is 9 months after the end of the District’s fiscal year (currently March 31 based on the District’s fiscal year end of June 30).

**Beneficial Owner** means any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**Bondholders** means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

**Dissemination Agent** means Government Financial Strategies inc., or any successor Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation.



**EMMA or Electronic Municipal Market Access** means the centralized on-line repository for documents filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

**Financial Obligation** means a (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” does not include municipal securities as to which a final official statement has been provided to the MSRB.

**Listed Events** means any of the events listed in Section 5(a) (Reporting of Significant Events – Significant Events) of this Disclosure Certificate.

**MSRB** means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information, which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

**Official Statement** means the final Official Statement dated February \_\_\_\_, 2020, relating to the Bonds.

**Opinion of Bond Counsel** means a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

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

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

**State** means the State of California.

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

a. Delivery of Annual Report to MSRB. The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB through the EMMA System an Annual Report that is consistent with the requirements of Section 4 (Content of Annual Reports) of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as a package of separate documents and may include by cross-reference other information as provided in Section 4 (Content of Annual Reports) of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

d. Report of Non-Compliance. If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Dissemination Agent shall send a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

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

a. Financial Statements. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

b. Most Recent Interim Financial Report. The most recent Interim Financial Report submitted by the Superintendent to the District's governing board in accordance with Education Code section 42130 (or its successor statutory provision) together with any supporting materials submitted to the governing board;

c. Annual Budget. The District's approved annual budget for the then-current fiscal year;

d. Assessed Value. Assessed value of taxable property (secured, unsecured, and total) in the District as shown on the most recent equalized assessment roll; and

e. Average Daily Attendance. The most recently available Average Daily Attendance for the District.

f. Tax Delinquencies. Property tax levies, collections, and delinquencies for the District for the immediately preceding fiscal year as of June 30, if taxes for the District are no longer collected under the County's Teeter Plan.

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

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

a. Significant Events. Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);
- (7) unless described in subsection (a)(6) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
- (8) modifications to rights of Bondholders, if material;
- (9) Bond calls, if material;
- (10) tender offers;
- (11) defeasances;
- (12) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (13) rating changes;
- (14) bankruptcy, insolvency, receivership or similar event of the District;
- (15) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the District, or entry into or termination of a definitive agreement relating to the foregoing, if material;
- (16) appointment of a successor or additional paying agent or the change of name of the paying agent, if material;
- (17) incurrence of a Financial Obligation of the District, if material, 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, if material;
- (18) 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.

b. Determination of Materiality. Whenever the District obtains knowledge of one of the foregoing events notice of which must be given only if material, the District shall immediately determine if such event would be material under applicable federal securities laws.

c. Notice to Dissemination Agent. If the District has determined an occurrence of a Listed Event under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) (Notice of Listed Events).

d. Notice of Listed Events. The District shall file, or cause the Dissemination Agent to file with the MSRB, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten (10) business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(9) (bond calls) need not be given under this subsection any earlier than the notice (if any) given to Bondholders of affected Bonds pursuant to the Paying Agent Agreement.

**Section 6. Filings with MSRB.** All documents provided to MSRB under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by MSRB and shall be accompanied by identifying information as prescribed by MSRB.

**Section 7. Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the District of an Opinion of Bond Counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

**Section 8. Dissemination Agent.**

a. Appointment of Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

c. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense, and liability that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party.

The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Bond Counsel. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a) (Delivery of Annual Report to MSRB), 4 (Content of Annual Reports), or 5(a) (Significant Events), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

b. Compliance as of Issue Date. The undertaking, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and the District obtains an Opinion of Bond Counsel to that effect; and

c. Consent of Holders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of Bondholders, or (ii) does not materially impair the interests of the Bondholders and the District obtains an Opinion of Bond Counsel to that effect.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any

information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate any Bondholder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate if the District fails 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 Participating Underwriters, and the Bondholders and shall create no rights in any other person or entity.

**IN WITNESS WHEREOF**, the District has caused this Continuing Disclosure Certificate to be executed by its authorized officer as of the day and year first above written.

**FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Kris Corey, Superintendent

**EXHIBIT A**

**FORM OF NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of District: Fairfield-Suisun Unified School District  
Name of Bonds: Fairfield-Suisun Unified School District  
General Obligation Bonds, Election of 2016, Series 2020  
Date of Delivery: [CLOSING DATE]

NOTICE IS HEREBY GIVEN that the Fairfield-Suisun Unified School District (the “District”) has not provided an Annual Report with respect to the above-named Bonds as required by a Continuing Disclosure Certificate executed [closing date], with respect to the above-captioned bond issue. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

**FAIRFIELD-SUISUN UNIFIED SCHOOL  
DISTRICT**

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

## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

*The information in this appendix has been provided by the Depository Trust Company (“DTC”), New York, New York, for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of 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.*

DTC 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 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 3.6 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 the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the 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 debt service on or redemption of the Bonds 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.

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-only transfers through DTC (or a successor securities depository). In that event, bonds certificates will be printed and delivered to DTC.

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.