

## **RESOLUTION 2014-15/10**

### **A RESOLUTION OF THE BOARD OF TRUSTEES OF THE MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS AND AUTHORIZING THE ISSUANCE OF REFUNDING BONDS; APPROVING FORMS OF DOCUMENTS; AND AUTHORIZING EXECUTION OF NECESSARY CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the "Board") of the Marysville Joint Unified School District (the "District"), with the consent of the Board of Supervisors of Yuba County (the "County"), previously authorized and sold the Marysville Joint Unified School District (Yuba County, California), General Obligation Bonds, Election of 2006, Series 2006, pursuant to the Board's Resolution No. 2006/07-10, adopted August 8, 2006 (the "Series 2006 Bonds");

**WHEREAS**, the Board, with the consent of the Board of Supervisors of the County, also previously authorized and sold the Marysville Joint Unified School District (Yuba County, California), General Obligation Bonds, Election of 2006, Series 2008, pursuant to the Board's Resolution No. 2008-09/4, adopted July 22, 2008 (the "Series 2008 Bonds");

**WHEREAS**, prudent management of the fiscal affairs of the District requires that the District issue refunding bonds under the provisions of Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bonds") to refund any or all of the outstanding Series 2006 Bonds and Series 2008 Bonds (collectively, the Series 2006 Bonds and the Series 2008 Bonds are referred to hereinafter as the "Prior Bonds"), provided that a sufficient level of present value savings may be achieved by doing so;

**WHEREAS**, it appears to the Board that the total net interest cost to maturity plus the principal amount of the Refunding Bonds (plus any costs of issuance not funded from proceeds of the Refunding Bonds) will not exceed the total net interest cost to maturity plus the principal amount of the Prior Bonds, which, pursuant to California Government Code Sections 53552 and 53556, will permit the Board to issue the Refunding Bonds without further vote of the electorate;

**WHEREAS**, the following documents and proposed agreements relating to the issuance and sale of the Refunding Bonds, which are incorporated herein by reference, have been presented to the Board for its review and approval:

(a) a paying agent agreement relating to the Refunding Bonds between the District and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent Agreement");

(b) an escrow agreement between The Bank of New York Mellon Trust Company, N.A., as escrow agent, and the District that provides for the deposit of funds sufficient to refund the Prior Bonds (the "Escrow Agreement");

(c) a bond purchase agreement between the District and an underwriter or underwriters (the "Underwriter") whereby the Underwriter will agree to purchase the Refunding Bonds when and as issued and delivered by the District (the "Bond Purchase Agreement");

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(d) an official statement describing the Refunding Bonds and the District (the "Official Statement"); and

(e) a continuing disclosure certificate, whereby the District will undertake to provide annual reports and notices of certain specified events as required under federal securities laws (the "Continuing Disclosure Certificate").

**NOW, THEREFORE,** be it resolved by the Board as follows:

**Section 1. Recitals.** The Board hereby finds and determines that the foregoing recitals are true and correct.

**Section 2. Issue Authorized.** The Board hereby authorizes the issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$38,000,000; provided that the total net interest cost to maturity plus the principal amount of the Refunding Bonds (plus any costs of issuance not funded from proceeds of the Refunding Bonds) does not exceed the total net interest cost to maturity plus the principal amount of the Prior Bonds, and further provided that the Superintendent or the Assistant Superintendent of Business Services has determined that the refunding of the Prior Bonds produces net present value savings of at least 3% of the par amount of the Series 2006 Bonds to be refunded, and produces net present value savings of at least 6% of the par amount of the Series 2008 Bonds to be refunded (or such higher amount of savings as they may require). Notwithstanding the foregoing, if the Superintendent or Assistant Superintendent of Business Services determines that the required minimum savings will be achieved with respect to only the Series 2006 Bonds or only the Series 2008 Bonds, the Board hereby authorizes the Refunding Bonds for the purpose of refunding only the Series 2006 Bonds or only the Series 2008 Bonds, as appropriate.

**Section 3. Authorization of Officers to Execute and Deliver Documents.** The Board hereby authorizes the President, Vice President, Clerk, and Secretary of this Board, the Superintendent, the Assistant Superintendent of Business Services, and their respective designees (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the District, to approve, execute, and deliver the following agreements and documents:

- (a) the Paying Agent Agreement;
- (b) the Escrow Agreement;
- (c) the Bond Purchase Agreement;
- (d) the Official Statement; and
- (e) the Continuing Disclosure Certificate

in substantially the form presented to this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreements or documents on behalf of the District. The execution of the foregoing by a Designated Officer or Officers of the District shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such

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changes, insertions, revisions, corrections, or amendments to the respective forms of agreements and documents presented to this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, form, registration privileges, place or places of payment, terms of redemption, and other terms of the Refunding Bonds and provisions relating to municipal bond insurance, shall be as provided in the Paying Agent Agreement, as finally executed.

**Section 4. Approval of Method of Sale and Bond Purchase Agreement.** The Board hereby authorizes the sale of the Refunding Bonds to an underwriter (the "Underwriter") to be selected by a competitive bid process conducted by Government Financial Strategies inc. (the "Financial Advisor"). The Designated Officers, and each of them individually, on behalf of this Board, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement to the Underwriter based on the terms of the Underwriter's bid, with such changes, deletions and modifications as the Designated Officers may approve and upon the recommendation of the Financial Advisor; provided, however, that the Underwriter's discount, net of the cost of bond insurance, if any, does not exceed 2% of the principal amount of the Refunding Bonds. The Board hereby determines that the method of sale of the Refunding Bonds described above provides increased flexibility in the timing and terms of the sale.

**Section 5. Distribution of Official Statement.** The Board hereby authorizes and directs the Financial Advisor and/or the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Refunding Bonds, and to deliver copies of the final Official Statement to all purchasers of the Refunding Bonds. The Board hereby authorizes and directs the Designated Officers, and each of them individually, to certify the preliminary form of the Official Statement to be deemed final as of its date.

**Section 6. Valid Obligations.** The Board hereby determines that all acts and conditions necessary to be performed by the District, or to have been met precedent to and in issuing the Refunding Bonds in order to make them valid and binding general obligations of the District, have been performed and have been met, or will, at the time of delivery of the Refunding Bonds, have been performed and have been met, in regular and due form as required by law; that the full faith and credit of the District are hereby pledged for the timely payment of the principal of and interest on the Refunding Bonds; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded as a result of the issuance of the Refunding Bonds.

**Section 7. Bond Counsel.** The law firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is hereby retained as bond counsel to the District with respect to the Refunding Bonds. The Designated Officers, and each of them individually, are hereby authorized to execute and deliver a legal services agreement with such firm and keep such agreement on file with the Secretary of the Board.

**Section 8. Identification of Professionals.** Government Financial Strategies inc. will serve as the District's financial advisor; and The Bank of New York Mellon Trust Company, N.A., will serve as the District's Paying Agent and Escrow Agent, with respect to the Refunding Bonds.

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**Section 9. Authorization of Officers to Execute Documents.** The Board hereby authorizes and directs its officers and the officials and staff of the District, and each of them individually, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Refunding Bonds, and to otherwise carry out, give effect to, and comply with the terms and intent of this Resolution, including but not limited to, an escrow agreement, as necessary to complete the refunding of the Prior Bonds. All actions heretofore taken by such officers, officials and staff that are in conformity with the purposes and intent of this Resolution are hereby ratified, confirmed, and approved in all respects.

**Section 10. Effective Date.** This resolution shall take effect immediately upon its passage.

**APPROVED, PASSED, AND ADOPTED** on October 14, 2014, by the Marysville Joint Unified School District Board of Trustees by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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President of the Board of Trustees  
Frank Crawford

ATTEST:

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Secretary of the Board of Trustees  
Gay Todd





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**PAYING AGENT AGREEMENT**

**between**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
as Paying Agent**

**Dated November 1, 2014**

**\$(PAR AMOUNT)  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS**

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## EXHIBIT A FORM OF REFUNDING BOND

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## **PAYING AGENT AGREEMENT**

This PAYING AGENT AGREEMENT dated November 1, 2014, by and between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States, as paying agent (the "Paying Agent"), and the MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District").

### **W I T N E S S E T H:**

**WHEREAS**, the Board of Trustees (the "Board") of the Marysville Joint Unified School District (the "District"), with the consent of the Board of Supervisors of Yuba County (the "County"), previously authorized and sold the Marysville Joint Unified School District (Yuba County, California), General Obligation Bonds, Election of 2006, Series 2006, pursuant to the Board's Resolution No. 2006/07-10, adopted August 8, 2006 (the "Series 2006 Bonds");

**WHEREAS**, the Board, with the consent of the Board of Supervisors of the County, also previously authorized and sold the Marysville Joint Unified School District (Yuba County, California), General Obligation Bonds, Election of 2006, Series 2008, pursuant to the Board's Resolution No. 2008-09/4, adopted July 22, 2008 (the "Series 2008 Bonds");

**WHEREAS**, pursuant to Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law, the District is authorized to issue refunding bonds to refund the Series 2006 Bonds and the Series 2008 Bonds (collectively, the Series 2006 Bonds and the Series 2008 Bonds are referred to hereinafter as the "Prior Bonds");

**WHEREAS**, the Board of the District, by its Resolution No. \_\_\_\_\_, adopted on October 14, 2014 (the "Resolution"), has determined that prudent management of the District's financial affairs requires that the Prior Bonds now be refunded, and has authorized the issuance and sale of its "Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds" (the "Refunding Bonds") and the execution and delivery of this Paying Agent Agreement on behalf of the District;

**WHEREAS**, the District has determined to currently refund the outstanding Series 2006 Bonds that mature on and after August 1, 2015 (the "Refunded Series 2006 Bonds");

**WHEREAS**, the District has determined to advance refund the outstanding Series 2008 Bonds that mature on and after August 1, 2017 (the "Refunded Series 2008 Bonds") (collectively, the Refunded Series 2006 Bonds and the Refunded Series 2008 Bonds are referred to hereinafter as the "Refunded Prior Bonds"), and has found and determined and by execution hereof so represents that the total net interest cost to maturity plus the principal amount of the Refunded Prior Bonds exceeds the total net interest cost to maturity plus the costs of issuance and the principal amount of the Refunding Bonds, pursuant to California Government Code Sections 53552 and 53556; and

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**WHEREAS**, the District has found and determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement.

**NOW, THEREFORE**, in order to secure the payment of the Refunding Bonds and the performance and observance by the District of all the covenants, agreements and conditions herein and in the Refunding Bonds contained, and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration, the District and the Paying Agent hereby agree as follows:

## **ARTICLE I DEFINITIONS**

**Section 1.1. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.1 shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Refunding Bonds and of any certificate, opinion, request. or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

**Authorized District Representative** means the Superintendent of the District and any other designee of the Superintendent or the Board, acting with the authority of the Superintendent.

**Board** means the Board of Trustees of the District.

**Bondowner, Bondholder, Owner, or Holder** means the person in whose name any Refunding Bond shall be registered.

**Business Day** means any day of the week other than a Saturday or a Sunday on which the Paying Agent is not required or authorized to remain closed and on which the New York Stock Exchange is open for business.

**Certificate of the District.** See "Request of the District" defined herein.

**Code** means the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or that shall be hereafter issued by the United States Department of the Treasury thereunder.

**Continuing Disclosure Certificate** means that certain Continuing Disclosure Certificate executed and delivered by the District, dated the date of issuance and delivery of the Refunding Bonds and pertaining thereto, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**County** means Yuba County, State of California.

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**Debt Service Fund** means the account administered by the Paying Agent for the payment of debt service on the District's general obligation bonds.

**District** means the Marysville Joint Unified School District, located in the County.

**Escrow Agent** means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement, its successors and assigns, and any other corporation or association that may at any time be substituted in its place in accordance with the Escrow Agreement.

**Escrow Agreement** means that certain agreement dated November 1, 2014, between the District and the Escrow Agent, regarding the Refunded Prior Bonds.

**Holder** means "Bondowner" defined herein.

**Information Service** means the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") website, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Paying Agent.

**Interest Payment Date** means February 1 and August 1 of each year. The first Interest Payment Date shall be February 1, 2015.

**Law** means Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable law.

**Order of the District.** See "Request of the District" defined herein.

**Opinion of Counsel** means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

**Owner.** See "Bondowner" defined herein.

**Paying Agent** means The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar, and transfer agent with respect to the Refunding Bonds, its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Section 6.2 (Resignation, Removal, Replacement of Paying Agent) hereof.

**Paying Agent Agreement** means this agreement, by and between the District and the Paying Agent.

**Paying Agent's Office** means the office of the Paying Agent at 400 South Hope Street, Suite 400, Los Angeles, California 90071, Attention: Corporate Trust Services, or such other or additional offices as may be designated by the Paying Agent.

**Record Date** means the 15th day of the month preceding any Interest Payment Date. The first Record Date shall be January 15, 2015.

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**Redemption Date** means the date on which the Refunding Bonds or any of them are called for redemption, as provided in Article IV (Redemption of the Refunding Bonds) hereof.

**Redemption Price** means, with respect to any Refunding Bond (or portion thereof) the principal amount of such Refunding Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Refunding Bond and this Paying Agent Agreement.

**Refunding Bonds** means the Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds issued hereunder.

**Request of the District, Certificate of the District, or Order of the District** means a written request, certificate or order, respectively, authorized and signed by an Authorized District Representative.

**Securities Depositories** means The Depository Trust Company, a New York corporation, or in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the District may designate in a Request of the District delivered to the Paying Agent.

**Series 2006 Bonds** means the outstanding bonds of the District designated the "Marysville Joint Unified School District (Yuba County, California) General Obligation Bonds, Election of 2006, Series 2006."

**Series 2008 Bonds** means the outstanding bonds of the District designated the "Marysville Joint Unified School District (Yuba County, California) General Obligation Bonds, Election of 2006, Series 2008."

**State** means the State of California.

**Tax Certificate** means the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Refunding Bonds, executed and delivered by the District on the date of issuance of the Refunding Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

**Treasurer** means the Treasurer-Tax Collector of the County.

**Section 1.2. Effect of Headings and Table of Contents.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference, and shall not affect the meaning, construction, or effect of this Paying Agent Agreement.

**Section 1.3. Successors and Assigns.** Whenever in this Paying Agent Agreement the County, the District, or the Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Paying Agent Agreement contained by or on behalf of the District or the Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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**Section 1.4. Benefits of Paying Agent Agreement.** Nothing in this Paying Agent Agreement or in the Refunding Bonds expressed or implied is intended or shall be construed to give to any person other than the District, the Paying Agent, and the Owners of the Refunding Bonds, any legal or equitable right, remedy or claim under or in respect of this Paying Agent Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Paying Agent, and the Owners of the Refunding Bonds.

**Section 1.5. Payments/Actions Otherwise Scheduled on Non-Business Days.** Except as specifically set forth in a Supplemental Paying Agent Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

**Section 1.6. No Personal Liability for Debt Service.** No board member, officer, agent, or employee of the County, the District, or the Paying Agent shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Refunding Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such board member, officer, agent, or employee of the County, the District, or the Paying Agent from the performance of any official duty provided by law or by this Paying Agent Agreement.

**Section 1.7. County Immunities.** The District and the Paying Agent acknowledge that the County, including its Board of Supervisors, officers, officials, agents, and employees, shall retain all of their respective constitutional and statutory privileges, immunities, rights, and defenses in carrying out their duties referred to herein.

**Section 1.8. Separability Clause.** If any one or more of the provisions contained in this Paying Agent Agreement or in the Refunding Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Paying Agent Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Paying Agent Agreement, and this Paying Agent Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Paying Agent Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issuance of the Refunding Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Paying Agent Agreement may be held illegal, invalid, or unenforceable.

**Section 1.9. Governing Law.** This Paying Agent Agreement shall be construed and governed in accordance with the laws of the State.

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**Section 1.10. Counterparts.** This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

**Section 1.11. Notices.** Unless otherwise specified herein, all notices, statements, orders, or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the District:

Marysville Joint Unified School District  
1919 B Street  
Marysville, CA 95901  
Attention: Superintendent

If to the Paying Agent:

The Bank of New York Mellon Trust Company, N.A.  
400 South Hope Street, Suite 400  
Los Angeles, CA 90071  
Attention: Corporate Trust Office

## **ARTICLE II THE REFUNDING BONDS**

**Section 2.1. Authorization and Title.** The District hereby authorizes the issuance of Refunding Bonds in the aggregate principal amount of \$[PAR AMOUNT]. The title of the Refunding Bonds shall be "Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds." At any time after the execution and delivery of this Paying Agent Agreement, the District may execute and the Paying Agent shall authenticate and deliver the Refunding Bonds upon the Order of the District.

### **Section 2.2. Terms and Form of Refunding Bonds.**

(A) **Form of Refunding Bonds.** The form of the Refunding Bonds shall be substantially as set forth in Exhibit A with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Refunding Bonds established by this Article.

(B) **Book-Entry Form; Denominations.** The Refunding Bonds shall be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company. The Refunding Bonds shall be evidenced by one Refunding Bond maturing on each of the maturity dates with respect to the Refunding Bonds in a denomination corresponding to the total principal amount represented by the Refunding Bonds payable on such date. Registered

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ownership of the Refunding Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.4 (Book-Entry System). The Refunding Bonds shall bear such distinguishing numbers and letters as may be specified by the Paying Agent.

(C) Date; Interest Accrual; Maturity Dates; Interest Rates. The Refunding Bonds shall be dated their date of delivery, shall bear interest from their date at the following rates per annum, and shall mature on August 1 in the following years in the following amounts:

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Interest on the Refunding Bonds shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(D) Principal and Interest Payments. The principal or Redemption Price of the Refunding Bonds shall be payable to the Owner thereof upon surrender thereof in lawful money of the United States of America at the Paying Agent's Office or, as provided in Section 2.4(E) (Book-Entry System – Payments to Depository), by wire transfer on each principal and mandatory redemption payment date to "Cede & Co." or its registered assign, as sole registered Owner. Interest on the Refunding Bonds shall be payable on semiannually on February 1 and August 1 of each year, commencing February 1, 2015, by check mailed by first class mail or, as provided in Section 2.4(E) (Book-Entry System – Payments to Depository) and upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Refunding Bonds who has provided the Paying Agent with wire transfer instructions on or before the applicable Record Date, by wire transfer on each Interest Payment Date to the Owner thereof as of the close of business on the Regular Record Date.

(E) Cessation of Interest Accrual. Interest on any Refunding Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Paying Agent an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the Redemption Date thereof, provided there has been irrevocably deposited with the Paying Agent an amount sufficient to pay the Redemption Price thereof, plus interest accrued thereon to such date. The Holder of such Refunding Bond shall not be entitled to any other payment, and such Refunding Bond shall no longer be Outstanding and entitled to the benefits of this Paying Agent Agreement, except for the payment of the principal amount or Redemption Price, as appropriate, of such Refunding Bond and interest accrued thereon from moneys held by the Paying Agent for such payment.

**Section 2.3. Execution and Authentication of Refunding Bonds.** The Refunding Bonds shall be signed by the manual or facsimile signature of the President or any member of the Board and the Secretary of the Board or his or her designee. The Refunding Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

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In case any of the officers who shall have signed or countersigned any of the Refunding Bonds shall cease to be such officer or officers of the District before the Refunding Bonds so signed or countersigned shall have been authenticated, or delivered by the Paying Agent, or issued by the District, such Refunding Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the District as though those who signed and countersigned the same had continued to be such officers of the District. Any Refunding Bond may be signed and attested on behalf of the District by such persons as at the actual date of execution such Refunding Bond shall be the proper officers of the District although at the nominal date of such Refunding Bond any such person shall not have been such officer of the District.

No Refunding Bond shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement unless there appears on such Refunding Bond a certificate of authentication substantially in the form provided for herein, manually executed by the Paying Agent. Such certificate of authentication when manually executed by the Paying Agent shall be conclusive evidence, and the only evidence, that such Refunding Bond has been duly executed, authenticated, and delivered hereunder.

**Section 2.4. Book-Entry System.** Notwithstanding any provision of this Paying Agent Agreement to the contrary, the following provisions shall apply:

(A) Limitations on Transfer. Registered ownership of Refunding Bonds issued in book-entry form, or any portions thereof, may not be transferred except:

(1) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(2) To any substitute depository not objected to by the District, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository; or (b) a determination by the District to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository; or (b) a determination by the District to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(B) Execution and Delivery of New Refunding Bonds. In the case of any transfer pursuant to clause (1) or clause (2) of subsection (A) hereof, upon receipt of the

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outstanding Refunding Bonds by the Paying Agent, together with a Request of the District, a new Refunding Bond for each maturity shall be executed and delivered pursuant to the procedures described in the third paragraph of Section 2.5 (Transfer and Exchange of Refunding Bonds upon Termination of Book-Entry System) hereof in the aggregate principal amount of the Refunding Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the District. In the case of any transfer pursuant to clause (3) of subsection (A) hereof, upon receipt of the outstanding Refunding Bonds by the Paying Agent together with a Request of the District, new Refunding Bonds shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such Request of the District, subject to the limitations of Section 2.2 (Terms and Form of Refunding Bonds) and the receipt of such a Request of the District, and thereafter, the Refunding Bonds shall be transferred pursuant to the provisions set forth in Section 2.5 (Transfer and Exchange of Refunding Bonds upon Termination of Book-Entry System) hereof; provided that the Paying Agent shall not be required to deliver such new Refunding Bonds within a period of fewer than 60 days from the date of receipt of such a Request of the District.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Refunding Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Refunding Bonds indicating the date and amounts of such reduction in principal. The Paying Agent shall not be liable for any failure or error of the Depository Trust Company to make such notations; the records of the Paying Agent shall be controlling with respect to the outstanding principal amount of Refunding Bonds.

(D) No Responsibility to Persons Other Than Owners. The District and the Paying Agent shall be entitled to treat the person in whose name any Refunding Bond is registered as the Owner thereof, notwithstanding any notice to the contrary received by the Paying Agent or the District, and the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Refunding Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except as the Owner of any Refunding Bonds.

(E) Payments to Depository. So long as the outstanding Refunding Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns, in effecting payment of the principal of and interest on the Refunding Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

**Section 2.5. Transfer and Exchange of Refunding Bonds upon Termination of Book-Entry System.** If the Refunding Bonds shall no longer be registered in the name of Cede & Co. as a result of the operation of Section 2.4 (Book-Entry System) hereof, then the procedures contained in this section shall apply.

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Any Refunding Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.6 (Bond Register) hereof by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Refunding Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Refunding Bond or Bonds shall be surrendered for transfer, the designated District officials shall execute (as provided in Section 2.3 (Execution and Authentication of Refunding Bonds) hereof) and the Paying Agent shall authenticate and deliver a new Refunding Bond or Bonds of the same maturity, for a like aggregate principal amount and bearing the same rate of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Refunding Bonds may be exchanged at the office of the Paying Agent designated, for a like aggregate principal amount of Refunding Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No transfer or exchange of Refunding Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or Redemption Date to and including such Interest Payment Date or Redemption Date.

#### **Section 2.6. Bond Register.**

(A) The Paying Agent will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Refunding Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Refunding Bonds as hereinbefore provided.

(B) The Paying Agent shall assign each Refunding Bond authenticated and registered by it a distinctive letter or number, or letter and number.

**Section 2.7. Validity of Refunding Bonds.** The recital contained in the Refunding Bonds that the same are regularly issued pursuant to the Law shall be conclusive evidence of their validity and of compliance with the provisions of the Law in their issuance.

### **ARTICLE III APPLICATION OF PROCEEDS OF THE REFUNDING BONDS**

**Section 3.1. Application of Proceeds of the Refunding Bonds and Other Amounts.** The District shall cause the following amounts from the purchase price of the Refunding Bonds to be deposited with the Paying Agent and the Paying Agent shall deposit (or transfer) into the following accounts:

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(A) \$\_\_\_\_\_ into the Series 2006 Escrow Fund created pursuant to the Escrow Agreement and held by the Escrow Agent to pay the redemption price of the Refunded Series 2006 Bonds;

(B) \$\_\_\_\_\_ into the Series 2008 Escrow Fund created pursuant to the Escrow Agreement and held by the Escrow Agent to pay the redemption price of the Refunded Series 2008 Bonds; and

(C) \$\_\_\_\_\_ into the Costs of Issuance Fund, which is hereby created and which shall be held and administered by the Paying Agent. The Paying Agent shall pay amounts held in the Costs of Issuance Fund upon the written Order of the District. On May 13, 2015, or upon prior written Order of the District, the Paying Agent shall transfer any remaining amounts in the Costs of Issuance Fund to the Treasurer for deposit into the Debt Service Fund of the District.

#### ARTICLE IV REDEMPTION OF THE REFUNDING BONDS

**Section 4.1. Optional Redemption.** The Refunding Bonds maturing on or before August 1, 2024, are not subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 2025 are subject to redemption prior to their respective stated maturity dates, at the option of the District (by such maturities as may be specified by the District and by lot within a maturity), from any source of available funds, as a whole or in part on any date on or after August 1, 2024, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed (without premium), together with accrued interest to the date fixed for redemption.

**Section 4.2. Selection by Paying Agent of Refunding Bonds to be Redeemed.** If less than all the Outstanding Refunding Bonds are to be redeemed, the District may specify the maturities to be redeemed. If the District does not specify the maturities to be redeemed, then, not more than 45 days prior to the Redemption Date, the Paying Agent shall select the particular Refunding Bonds to be redeemed from the Outstanding Refunding Bonds that have not previously been called for redemption, in minimum denominations of \$5,000, by lot in any manner that the Paying Agent in its sole discretion shall deem appropriate and fair.

The Paying Agent shall promptly notify the District in writing of the Refunding Bonds so selected for redemption and, in the case of a Refunding Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Paying Agent Agreement, unless the context otherwise requires, all provisions relating to the redemption of Refunding Bonds shall relate, in the case of any Refunding Bond redeemed or to be redeemed only in part, to the portion of the principal of such Refunding Bond that has been or is to be redeemed.

**Section 4.3. Notice of Redemption.** Notice of redemption of any Refunding Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any redemption of Refunding Bonds shall be mailed postage prepaid, not less than 30 nor more than 60 days prior to the Redemption Date by first class mail to the respective Owners thereof at the

addresses appearing on the bond registration books described in Section 2.6 (Bond Register). If the Refunding Bonds are not then registered solely to a Securities Depository, the Paying Agent shall also give notice of redemption of Refunding Bonds to the Securities Depositories and the Information Service (at the same time it mails notice of redemption to the Holders) by registered or overnight mail.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Refunding Bonds and the date of issue of the Refunding Bonds;
- (iii) the Redemption Date;
- (iv) the Redemption Price;
- (v) the dates of maturity of the Refunding Bonds to be redeemed;
- (vi) (if less than all of the Refunding Bonds of any maturity are to be redeemed) the distinctive numbers of the Refunding Bonds of each maturity to be redeemed;
- (vii) (in the case of Refunding Bonds redeemed in part only) the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed;
- (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed;
- (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the Paying Agent's Office, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Refunding Bonds will not accrue after the designated Redemption Date.
- (xi) such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

**Section 4.4. Effect of Notice.** A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the Securities Depositories and the Information Service as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Refunding Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the

proceedings for the redemption of such Refunding Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the Redemption Price of the Refunding Bonds called for redemption is set aside for such purpose, the Refunding Bonds designated for redemption shall become due and payable on the specified Redemption Date and interest shall cease to accrue thereon as of the Redemption Date, and upon presentation and surrender of such Refunding Bonds at the place specified in the notice of redemption, such Refunding Bonds shall be redeemed and paid at the Redemption Price thereof out of the money provided therefore. The Owners of such Refunding Bonds so called for redemption after such Redemption Date shall look for the payment of such Refunding Bonds and the redemption premium thereon, if any, only to the Debt Service Fund or the escrow fund established for such purpose. All Refunding Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

**Section 4.5. Right to Rescind Notice.** The District 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 Refunding Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption monies are not available in the Debt Service Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Refunding 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 Refunding 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.

**Section 4.6. Funding of Redemption.** Prior to or on the Redemption Date of any Refunding Bonds there shall be available in the Debt Service Fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this Paying Agent Agreement provided, the Refunding Bonds designated in said notice of redemption. Such monies so set aside in any such escrow fund shall be applied on or after the Redemption Date solely for payment of principal of and premium, if any, on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all monies in the Debt Service Fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the Redemption Date shall be paid from the Debt Service Fund of the District, unless otherwise provided for to be paid from such escrow. If, after all of the Refunding Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Debt Service Fund of the District or such escrow fund described in the preceding sentence or otherwise held in trust for the payment of the Redemption Price of the Refunding Bonds, said monies shall be held in or returned or transferred to the Debt Service Fund of the District for payment of any outstanding bonds of the District payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the District, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

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**Section 4.7. Defeasance of Refunding Bonds.** If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all outstanding Refunding Bonds all of the principal, interest and premium, if any, represented by Refunding Bonds at the times and in the manner provided herein and in the Refunding Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of the Refunding Bonds as described in Section 5.2 (Obligation to Levy Taxes for Payment of Refunding Bonds) hereof, and such obligation and all agreements and covenants of the District to such Owners hereunder and under the Refunding Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of and interest and premium, if any, on the Refunding Bonds, but only out of monies on deposit in the Debt Service Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of Section 6.7 (Money Held by Paying Agent; Unclaimed Monies) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow 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 and available monies then on deposit in the Debt Service Fund of the District, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Refunding Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

## **ARTICLE V COVENANTS OF THE DISTRICT**

**Section 5.1. Payment of Principal and Interest.** At least one business day prior to the date any payment is due in respect of the Refunding Bonds, the District will cause monies to be deposited with the Paying Agent sufficient to pay the principal of and the interest (and premium, if any) to become due on all Refunding Bonds outstanding on such payment date. When and as paid in full, and following surrender thereof to the Paying Agent, all Refunding Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed. The Paying Agent hereby acknowledges that pursuant to the general laws of the State of California, the obligation to levy and collect taxes for the payment of the Refunding Bonds, and to pay principal of and interest on the Refunding Bonds when due, are legal obligations of the County and the Treasurer and shall be performed by the Treasurer.

**Section 5.2. Obligation to Levy Taxes for Payment of Refunding Bonds.** The County Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The District shall take all steps required by law and by the County to ensure that the County Board of Supervisors shall annually levy a tax upon all taxable property

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in the District sufficient to redeem the Refunding Bonds, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due.

**Section 5.3. Further Assurances.** The District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

**Section 5.4. Tax Covenant.** The District shall at all times do and perform all acts and things permitted by law and this Paying Agent Agreement that are necessary and desirable in order to assure that interest paid on the Refunding Bonds will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excludable. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Refunding Bonds.

**Section 5.5. Continuing Disclosure.** The District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner or Beneficial Owner (as defined below) 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 section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including persons holding Refunding Bonds through nominees, depositories or other intermediaries).

## ARTICLE VI THE PAYING AGENT

**Section 6.1. Appointment; Acceptance.** The Bank of New York Mellon Trust Company, N.A., is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

**Section 6.2. Resignation, Removal, Replacement of Paying Agent.** The Paying Agent may at any time resign by giving written notice to the District of such resignation, whereupon the District shall promptly appoint a successor Paying Agent by the resignation date. Resignation of the Paying Agent will be effective forty-five (45) days after notice of the resignation is given as stated above or upon appointment of a successor Paying Agent, whichever first occurs. The District may at any time remove the Paying Agent and any successor Paying Agent by an instrument given in writing. After removal or receiving a notice of resignation of the Paying Agent, the District may appoint a temporary Paying Agent to replace the former

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Paying Agent until the District appoints a successor Paying Agent. Any such temporary Paying Agent so appointed by the District shall immediately and without further act be superseded by the successor Paying Agent upon the appointment of and acceptance thereof by such successor.

The Paying Agent is hereby authorized to pay or redeem the Refunding Bonds when duly presented for payment at maturity, or on prior redemption, and to cancel all Refunding Bonds upon payment thereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Refunding Bonds paid and discharged.

**Section 6.3. Protection of Paying Agent.** The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by or on behalf of the District, to use the funds deposited with it solely for payment of the principal of and interest on the Refunding Bonds as the same shall become due or become subject to earlier redemption.

**Section 6.4. Reliance on Documents, Etc.**

(A) The Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Paying Agent by the District.

(B) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(C) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(D) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of any Refunding Bond, but is protected in acting upon receipt of Refunding Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Bondowner or agent of the Bondowner.

(E) The Paying Agent may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(F) The Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

(G) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Paying Agent Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Paying Agent shall have received an incumbency certificate listing persons designated to give such instructions or

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

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

**Section 6.5. Recitals of District.** The recitals contained herein and in the Refunding Bonds shall be taken as the statements of the District, and the Paying Agent assumes no responsibility for their correctness.

**Section 6.6. Paying Agent May Own Refunding Bonds.** The Paying Agent, in its individual or any other capacity, may become the owner or pledgee of Refunding Bonds with the same rights it would have if it were not the Paying Agent for the Refunding Bonds.

**Section 6.7. Money Held by Paying Agent; Unclaimed Monies.** Money held by the Paying Agent hereunder may be commingled with other funds held by the Paying Agent, but shall be separately accounted for. Except as otherwise provided herein, the Paying Agent shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money held in any fund created pursuant to this Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Refunding Bonds and remaining unclaimed for two years after the principal of all of the Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Debt Service Fund of the District for payment of any outstanding bonds of the District payable from said fund, without liability for interest; or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

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**Section 6.8. Other Transactions.** The Paying Agent may engage in or be interested in any financial or other transaction with the District.

**Section 6.9. Interpleader.** The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

**Section 6.10. Indemnification.** The District shall indemnify the Paying Agent, its officers, directors, employees, and agents (“Indemnified Parties”) for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent’s acceptance or administration of the Paying Agent’s duties hereunder or under the Refunding Bonds (except any loss, liability or expense as may be adjusted by a court of competent jurisdiction to be attributable to the Paying Agent’s negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying Agent by the District in which the Paying Agent was held to have committed negligence or willful misconduct in a final order of a court of competent jurisdiction, not subject to appeal) in connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.10 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation or removal as Paying Agent hereunder.

## **ARTICLE VII EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS**

**Section 7.1. Events of Default.** The following events shall be Events of Default:

(A) default in the due and punctual payment of the principal or Redemption Price of any Refunding Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by mandatory redemption, by proceedings for optional redemption, or otherwise;

(B) default in the due and punctual payment of any installment of interest on any Refunding Bond when and as such interest installment shall become due and payable; and

(C) failure by the District to observe or perform any covenant, condition, agreement or provision in this Paying Agent Agreement on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District; except that, if such failure can be remedied but not within such sixty (60) day period and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy same.

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**Section 7.2. Remedies of Bondholders.** Upon the occurrence and continuance of an Event of Default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated

(A) by mandamus or other action, suit, or proceeding at law or in equity to enforce the Owners' rights against the Board or the District or any of the officers or employees of the District, and to compel the Board or the District or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Owners contained herein;

(B) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Owners; or

(C) by suit in equity upon the nonpayment of the Refunding Bonds to require the Board or the District or its officers and employees to account as the trustee of an express trust.

**Section 7.3. Restoration of Positions.** In the case of any proceedings taken by any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bondholders, then in every such case the District and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers, and duties of the District and the Bondholders shall continue as though no such proceedings had been taken.

**Section 7.4. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Owners of the Refunding Bonds is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 7.5. Delay or Omission Not Waiver.** No delay or omission of any Owner of the Refunding Bonds to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Paying Agent Agreement or by law to the Owners of the Refunding Bonds may be exercised from time to time, and as often as may be deemed expedient, by the Owners.

**Section 7.6. No Acceleration.** The Owners of the Refunding Bonds have no right to declare the principal of the Refunding Bonds immediately due and payable.

*[Signature Page Follows]*

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**IN WITNESS WHEREOF**, the parties hereto have caused this Paying Agent Agreement to be duly executed by their officers duly authorized as of the date first written above.

**MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

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

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Paying Agent**

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

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**EXHIBIT A**  
**FORM OF REFUNDING BOND**

REGISTERED  
NO. R-\_\_\_

REGISTERED  
\$ \_\_\_\_\_

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**YUBA COUNTY, CALIFORNIA**  
**2014 GENERAL OBLIGATION REFUNDING BONDS**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated</u>	<u>CUSIP NO.</u>
%	August 1, 20__	[CLOSING]	574344 ____

REGISTERED OWNER:     CEDE & CO.

PRINCIPAL SUM:             DOLLARS

Marysville Joint Unified School District, a school district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby acknowledges itself indebted to and promises to pay to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from the date hereof until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on February 1, 2015, and semiannually thereafter on February 1 and August 1 in each year. Interest hereon is payable in lawful money of the United States of America by check mailed or, upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who has provided the Paying Agent (identified below) with wire transfer instructions, by wire transfer on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date. The principal hereof and premium, if any, hereon are payable at the designated office of The Bank of New York Mellon Trust Company, N.A., as paying agent (together with any successor as paying agent under the hereinafter mentioned Paying Agent Agreement, the "Paying Agent"), (or such other office as designated) in lawful money of the United States of America.

This bond is one of a duly authorized issue of bonds of the District designated "Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds" (the "Bonds") aggregating \$[PAR AMOUNT] in principal amount, all of like tenor (except for such variations, if any, as may be required to designate denominations, numbers, maturities, interest rates, redemption provisions, and forms). The Bonds are issued and sold pursuant to a Paying Agent Agreement dated November 1, 2014, by and between the District and the Paying Agent (the "Paying Agent Agreement"), and in conformity with the Constitution and laws of California, including the statutory authority of Articles 9 and 11 of Chapter 13 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Law").

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Reference is hereby made to the Paying Agent Agreement and to the Law for a description of the terms on which the Bonds are issued and to be issued and the rights of the registered owners of the Bonds. All the terms of the Paying Agent Agreement and the Law are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond. The registered owner of this Bond, by its acceptance hereof, consents and agrees to all the provisions of the Paying Agent Agreement.

The Bonds maturing on or before August 1, 2024, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2025 are subject to redemption prior to their respective stated maturity dates, at the option of the District (by such maturities as may be specified by the District and by lot within a maturity), from any source of available funds, as a whole or in part on any date on or after August 1, 2024, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with accrued interest to the date fixed for redemption.

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the designated corporate trust office of the Paying Agent (or such other office as designated), but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same series, tenor, and maturity for the same aggregate principal amount will be issued to the transferee in exchange herefor.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC) ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

The District and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the District and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Paying Agent Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Bonds.

It is hereby certified and recited that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California; that the total amount of indebtedness of the District, including the amount of this

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Bond, does not exceed any limit prescribed by the Constitution and the statutes of the State of California; and that this Bond is not in excess of the amount of Bonds permitted to be issued under the Paying Agent Agreement.

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**IN WITNESS WHEREOF**, the Board of Trustees of the Marysville Joint Unified School District, has caused this Bond to be signed by its President, to be countersigned by the Secretary, all as of the date stated above.

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

Countersigned:

By: \_\_\_\_\_  
Secretary of the Board of Trustees

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## **CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Paying Agent Agreement, which has been authenticated on the date set forth below.

Dated: \_\_\_\_\_, 2014

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.**, as Paying Agent and  
Authenticating Agent

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

## **ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the bond register of the Paying Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_  
Signature(s) Guaranteed by: \_\_\_\_\_

NOTE: The signature(s) to this Agreement must correspond with the name(s) on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by a qualified guarantor Institution.

Social Security Number, Tax Identification Number, or other identifying number of Assignee: \_\_\_\_\_

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## LEGAL OPINION

The following is a true copy of the opinion rendered by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of the 2014 General Obligation Refunding Bonds. A signed copy is on file in my office.

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Secretary of the Board of Trustees of the  
Marysville Joint Unified School District

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD  
A Professional Corporation  
400 Capitol Mall, 27th Floor  
Sacramento, California 95814-4417

Board of Trustees  
Marysville Joint Unified School District

Re:    \$[PAR AMOUNT]  
      Marysville Joint Unified School District  
      Yuba County, California  
      2014 General Obligation Refunding Bonds  
      *Final Opinion of Bond Counsel*

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Marysville Joint Unified School District (the "District") of \$[PAR AMOUNT] principal amount of Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds (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

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taxable at limited rates) to pay the Bonds. Yuba County is required by law to include in its 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 income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is 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 income 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

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**ESCROW AGREEMENT**

**between**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**  
**as Escrow Agent**

**Dated November 1, 2014**

**\$(PAR AMOUNT)**  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**YUBA COUNTY, CALIFORNIA**  
**2014 GENERAL OBLIGATION REFUNDING BONDS**

**Refunding Election of 2006 General Obligation Bonds**  
**Series 2006 Bonds Maturing on August 1, 2015, through August 1, 2031 (Inclusive)**  
**and**  
**Series 2008 Bonds Maturing on August 1, 2017, through August 1, 2033 (Inclusive)**

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## ESCROW AGREEMENT

This ESCROW AGREEMENT by and between the MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States (the "Bank"), being qualified to accept and administer the trust hereby created as escrow agent (the "Escrow Agent"), dated November 1, 2014 (the "Escrow Agreement");

### WITNESSETH:

**WHEREAS**, the Board of Trustees (the "Board") of the Marysville Joint Unified School District (the "District"), with the consent of the Board of Supervisors of Yuba County (the "County"), previously authorized, sold, and issued the "Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds, Election of 2006, Series 2006," in the principal amount of \$18,000,000 (the "Series 2006 Bonds"), pursuant to the Indenture by and between the District, The County, and The Bank of New York Mellon Trust Company, N.A. (the "Bank"), as paying agent, dated September 1, 2006, (the "2006 Indenture"), and the terms contained therein;

**WHEREAS**, the Board , with the consent of the County, also previously authorized, sold, and issued the "Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds; Election of 2006, Series 2008," in the principal amount of \$19,000,000 (the "Series 2008 Bonds"), pursuant to the First Supplemental Indenture by and between the District , the County, and the Bank, dated September 1, 2008 (the "First Supplemental Indenture"), and the terms contained therein;

**WHEREAS**, the District has determined that prudent management of its fiscal affairs requires that it issue refunding bonds under the provisions of Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bonds") to refund the Series 2006 Bonds that mature August 1, 2015, through August 1, 2031, inclusive (the "Refunded Series 2006 Bonds"), and the Series 2008 Bonds that mature August 1, 2017, through August 1, 2033 (inclusive) (the "Refunded Series 2008 Bonds"), (collectively, the Refunded Series 2006 Bonds and the Refunded Series 2008 Bonds are referred to hereinafter as the "Refunded Prior Bonds");

**WHEREAS**, in order to implement the foregoing, the District duly issued \$[PAR AMOUNT] principal amount of its Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds (the "2014 Refunding Bonds"), pursuant to that certain paying agent agreement by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), dated November 1, 2014 (the "Paying Agent Agreement");

**WHEREAS**, a portion of the proceeds of the 2014 Refunding Bonds shall be deposited with the Escrow Agent to provide for the redemption of the Refunded Series 2006 Bonds on November 28, 2014;

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**WHEREAS**, the District has taken action to cause to be made available for purchase by the Escrow Agent, from amounts on deposit in the Series 2008 Escrow Fund (as defined herein), certain direct noncallable United States Treasury obligations (the “Escrow Securities”), listed on Schedule I attached hereto and made a part hereof, in an aggregate principal amount that, together with the money deposited in the Series 2008 Escrow Fund at the same time as such deposit and the income to accrue on such securities, will be sufficient to provide for the payment of the redemption price of the Refunded Series 2008 Bonds on August 1, 2016, together with interest accrued on the Refunded Series 2008 Bonds to such date; and

**WHEREAS**, the provisions of the 2006 Indenture and the First Supplemental Indenture are incorporated herein by reference as if set forth herein in full.

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

**Section 1. Establishment and Application of Series 2006 Escrow Fund.**

(a) Establishment and Maintenance of Series 2006 Escrow Fund. The Escrow Agent is hereby directed to establish and maintain an escrow fund (the “Series 2006 Escrow Fund”) until the Refunded Series 2006 Bonds have been paid and redeemed as provided herein, and to hold the money in the Series 2006 Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments, or money held by it. All money in the Series 2006 Escrow Fund is hereby irrevocably pledged to secure the payment and redemption of the Refunded Series 2006 Bonds as provided herein. Any amounts remaining in the Series 2006 Escrow Fund following the redemption of the Refunded Series 2006 Bonds shall be transferred to the Paying Agent for deposit into the Debt Service Fund of the District.

(b) Investment of Money in the Series 2006 Escrow Fund. The District hereby directs the Escrow Agent to hold the amount of \$ \_\_\_\_\_ in cash uninvested in the Series 2006 Escrow Fund.

(c) Payment from the Series 2006 Escrow Fund. The Escrow Agent is hereby irrevocably instructed, and the Escrow Agent hereby agrees, to use the money held in the Series 2006 Escrow Fund on November 28, 2014, to pay the redemption price of the Refunded Series 2006 Bonds.

**Section 2. Establishment and Maintenance of Series 2008 Escrow Fund.** The Escrow Agent is hereby directed to establish and maintain an escrow fund (the “Series 2008 Escrow Fund”) until all the Refunded Series 2008 Bonds have been redeemed and interest thereon paid as provided herein. The Escrow Agent shall, except as provided in Section 3 (Investment of Money in the Series 2008 Escrow Fund) hereof, hold the Escrow Securities and the money (whether constituting the initial deposit in the Series 2008 Escrow Fund or constituting receipts on the Escrow Securities) in the Series 2008 Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments, or money held by it. All securities and money in the Series 2008 Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 4 (Payment From the Series 2008 Escrow Fund) hereof, to secure the redemption of the Refunded Series 2008 Bonds and payment of interest thereon as provided herein. The Escrow Agent shall, on the date of execution

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and delivery of this Escrow Agreement, accept from the Paying Agent \$ \_\_\_\_\_, and shall deposit such amount in the Series 2008 Escrow Fund.

**Section 3. Investment of Money in the Series 2008 Escrow Fund.** The District hereby directs the Escrow Agent to purchase the Escrow Securities at a price of \$ \_\_\_\_\_, with amounts in the Series 2008 Escrow Fund, and to retain the balance of such amounts in cash in the Series 2008 Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof. If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

**Section 4. Payment From the Series 2008 Escrow Fund.** The District hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to use the interest on and principal of all Escrow Securities held in the Series 2008 Escrow Fund, together with any other money on deposit therein, to pay, as set forth in Schedule II attached hereto, the interest on the Refunded Series 2008 Bonds, as such interest becomes due and payable; and on August 1, 2016, to pay the redemption price on the Refunded Series 2008 Bonds.

**Section 5. Deficiencies in the Series 2008 Escrow Fund.** If at any time the Escrow Agent receives actual knowledge that the cash and securities in the Series 2008 Escrow Fund will not be sufficient to make any payment required by Section 4 (Payment From the Series 2008 Escrow Fund) with respect to the Refunded Series 2008 Bonds, the Escrow Agent shall notify the District of such fact and the District shall immediately use its best efforts to obtain and submit to the Escrow Agent, for deposit in the Series 2008 Escrow Fund, such additional money as may be required to cure such deficiency. Absent the Escrow Agent's negligence or willful misconduct, the Escrow Agent shall have no liability for any such insufficiency.

**Section 6. Notices of Defeasance and Redemption.** The District hereby irrevocably instructs the Escrow Agent, in accordance with the terms and conditions of the Paying Agent Agreement, to provide notices of defeasance and redemption for the Refunded Prior Bonds, and such notices to be provided in the time and manner specified in the Paying Agent Agreement and substantially in the form of Exhibit A.

**Section 7. Compensation to Escrow Agent.** The District shall pay the Escrow Agent full compensation for its services under this Escrow Agreement in accordance with the Escrow Agent's separate Schedule of Fees, agreed to in writing between the District and the Escrow Agent. If not otherwise included in the afore-described Schedule of Fees, the District shall reimburse the

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Escrow Agent for its reasonable out-of-pocket costs (such as publication costs, reasonable legal fees and expenses, redemption expenses, and other costs and expenses relating hereto), and fees, costs and expenses relating to the purchase, substitution, or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Series 2006 Escrow Fund or the Series 2008 Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Series 2006 Escrow Fund or the Series 2008 Escrow Fund.

The District shall indemnify, defend, and hold harmless the Escrow Agent and its officers, directors, employees, representatives, and agents, from and against, and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs, and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature, demanded, asserted, or claimed against the Escrow Agent, directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of this Section 7 shall survive the termination of this Escrow Agreement or the earlier resignation or removal of the Escrow Agent.

**Section 8. Functions, Immunities, and Liabilities of Escrow Agent.** Moneys held by the Escrow Agent hereunder are to be held and applied for the payment of the Refunded Series 2006 Bonds and the Refunded Series 2008 Bonds in accordance with the 2006 Indenture, the First Supplemental Indenture, and this Escrow Agreement. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Escrow Agreement, and no implied duties, covenants, or obligations shall be read into this Escrow Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect, or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Escrow Agreement. The Escrow Agent shall not be liable for the recitals or representations contained in this Escrow Agreement, and shall not be responsible for the validity of this Escrow Agreement, the sufficiency of the Series 2006 Escrow Fund or the Series 2008 Escrow Fund or the moneys and securities to pay the principal, interest, and redemption premium with respect to the Refunded Series 2006 Bonds or the Refunded Series 2008 Bonds.

(a) Whenever in the administration of this Escrow Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the District, and shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

(b) The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Escrow Agreement, and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion, or other writing furnished to the Escrow Agent in connection with this Escrow Agreement and reasonably believed by the Escrow Agent to be signed

by the proper party, and it need not investigate any fact or matter stated therein. The Escrow Agent may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

(c) None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, or other similar occurrences.

(d) The Escrow Agent may at any time resign by giving 60 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent, and the successor. If no successor shall have been so appointed and have accepted appointment within 60 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

(e) The Escrow Agent will provide the District with monthly statements of the account maintained hereunder.

(f) The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the District to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's reasonable understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized

Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures

**Section 9. Merger or Consolidation of the Escrow Agent.** Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Series 2006 Escrow Fund and the Series 2008 Escrow Fund and all of the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 10. Amendment of the Escrow Agreement.** The Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the District and the Escrow Agent (i) an opinion of bond counsel that such amendment will not adversely affect the excludability from gross income for federal income tax purposes of interest evidenced by the Refunding Bonds or the Refunded Prior Bonds; and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Series 2006 Bonds or the Refunded Series 2008 Bonds, as evidenced by an opinion of counsel, the written consent of the registered owners of all Refunded Series 2006 Bonds or all Refunded Series 2008 Bonds then outstanding.

**Section 11. Governing Law.** The Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 12. Notices.** All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the District:

Marysville Joint Unified School District  
1919 B Street  
Marysville, CA 95901  
Attn: Superintendent

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If to the Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.  
400 South Hope Street, Suite 400  
Los Angeles, CA 90071  
Attn: Corporate Trust Services

**Section 13. Severability.** If any section, paragraph, sentence, clause, or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause, or provision shall not affect any of the remaining provisions of the Escrow Agreement.

**Section 14. Execution.** The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

*[Signature Page Follows]*

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**IN WITNESS WHEREOF**, the District and the Escrow Agent have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

**MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

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

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,**  
as Escrow Agent

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

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**SCHEDULE I**

**ESCROW SECURITIES**

**United States Treasury Certificates of Indebtedness  
State and Local Government Series**

<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>

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**SCHEDULE II**  
**DEBT SERVICE PAYMENT AND REDEMPTION SCHEDULE**  
**FOR REFUNDED SERIES 2008 BONDS**

**Refunded Series 2008 Bonds**

<b><u>Payment Date</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Amount</u></b>
February 1, 2015	\$417,660.63	\$ 0.00	\$ 417,660.63
August 1, 2015	417,660.63	0.00	417,660.63
February 1, 2016	417,660.63	0.00	417,660.63
August 1, 2016	417,660.63	17,415,000.00	17,832,660.63
<b>Total</b>			<b>\$19,085,642.52</b>

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**EXHIBIT A**

**NOTICE OF DEFEASANCE**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2006, SERIES 2006**

**BONDS MATURING ON  
AUGUST 1, 2015, THROUGH AUGUST 1, 2031 (INCLUSIVE)**

**NOTICE IS HEREBY GIVEN** pursuant to an Indenture dated September 1, 2006, by and among the County of Yuba, the Marysville Joint Unified School District (the “District”), and The Bank of New York Mellon Trust Company, N.A. (the “Bank”), (the “Indenture”), which provided for the issuance of the above-captioned bonds (the “Bonds”):

That the District has deposited in escrow with The Bank, as its escrow agent (the “Escrow Agent”), money in the necessary amount to pay or redeem all of the **Bonds maturing on and after August 1, 2015, through August 1, 2031 (inclusive); and that all such Bonds maturing on and after August 1, 2015, through August 1, 2031 (inclusive), which are currently outstanding in an aggregate principal amount of \$16,130,000, will be redeemed on November 28, 2014** (the “Redemption Date”), at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the Redemption Date. As a result, the obligations of the District with respect to the Bonds maturing on and after August 1, 2015, through August 1, 2031 (inclusive), shall cease and terminate, and the Indenture has been released, in accordance with Section 6.1 of the Indenture.

The defeased Bonds are further identified as follows:

Maturity (August 1)	Rate	Principal Amount	CUSIP*
2015	5.000%	\$ 360,000	574344 KY2
2016	5.000	390,000	574344 KZ9
2017	4.500	450,000	574344 LA3
2018	4.500	510,000	574344 LB1
2019	4.000	575,000	574344 LC9
2020	4.000	640,000	574344 LD7
2021	4.125	710,000	574344 LE5
2022	4.200	790,000	574344 LF2
2023	4.200	875,000	574344 LG0
2024	4.250	965,000	574344 LH8
2025	4.250	1,060,000	574344 LJ4
2026	4.250	1,160,000	574344 LK1
2027	4.375	1,275,000	574344 LL9
2028	4.375	1,390,000	574344 LM7
2029	4.375	1,520,000	574344 LN5
2031	4.500	3,460,000	574344 LP0

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*\*The District and the Paying Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Dated: \_\_\_\_\_, 2014

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,** as Escrow Agent

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

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**EXHIBIT A**

**NOTICE OF DEFEASANCE**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2006, SERIES 2008**

**BONDS MATURING ON  
AUGUST 1, 2017, THROUGH AUGUST 1, 2033 (INCLUSIVE)**

**NOTICE IS HEREBY GIVEN** pursuant to an Indenture dated September 1, 2006, by and among the County of Yuba (the “County”), the Marysville Joint Unified School District (the “District”), and The Bank of New York Mellon Trust Company, N.A. (the “Bank”), (the “2006 Indenture”), as supplemented by a First Supplemental Indenture dated September 1, 2008, by and among the County, the District, and the Bank (the “First Supplemental Indenture”) (collectively, the 2006 Indenture and the First Supplemental Indenture are hereinafter referred to as the “Indenture”), which provided for the issuance of the above-captioned bonds (the “Bonds”):

That the District has deposited in escrow with The Bank, as its escrow agent (the “Escrow Agent”), money in the necessary amount to pay or redeem all of the **Bonds maturing on and after August 1, 2017, through August 1, 2033 (inclusive); and that all such Bonds maturing on and after August 1, 2017, through August 1, 2033 (inclusive), which are currently outstanding in an aggregate principal amount of \$17,415,000, will be redeemed on August 1, 2016** (the “Redemption Date”), at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the Redemption Date. As a result, the obligations of the District with respect to the Bonds maturing on and after August 1, 2017, through August 1, 2033 (inclusive), shall cease and terminate, and the Indenture has been released, in accordance with Section 6.1 of the Indenture.

The defeased Bonds are further identified as follows:

Maturity (August 1)	Rate	Principal Amount	CUSIP*
2017	5.000%	\$ 270,000	574344 LY1
2018	5.000	320,000	574344 LZ8
2019	4.000	385,000	574344 MA2
2020	4.000	450,000	574344 MB0
2021	4.125	505,000	574344 MC8
2022	4.250	555,000	574344 MD6
2023	4.300	615,000	574344 ME4
2024	4.375	680,000	574344 MF1
2025	4.400	750,000	574344 MG9
2026	4.500	830,000	574344 MH7
2027	4.600	905,000	574344 MJ3
2028	4.700	990,000	574344 MK0
2029	4.750	1,080,000	574344 ML8
2030	4.800	1,170,000	574344 MM6

2031	5.250	1,275,000	574344 MN4
2032	5.500	3,165,000	574344 MP9
2033	4.750	3,470,000	574344 MQ7

*\*The District and the Paying Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Dated: \_\_\_\_\_, 2014

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,** as Escrow Agent

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

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**EXHIBIT A**

**CONDITIONAL NOTICE OF REDEMPTION**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2006, SERIES 2006**

**BONDS MATURING ON  
AUGUST 1, 2015, THROUGH AUGUST 1, 2031 (INCLUSIVE)**

**NOTICE IS HEREBY GIVEN** pursuant to an Indenture dated September 1, 2006, by and among the County of Yuba, the Marysville Joint Unified School District (the "District"), and The Bank of New York Mellon Trust company, N.A. (the "Bank"), (the "Indenture"), which provided for the issuance of the above-captioned bonds (the "Bonds") issued on September 14, 2006:

**That, subject to the availability of funds as described below or to any other prerequisite to the redemption of the Bonds, the Bonds maturing on and after August 1, 2015, through August 1, 2031 (inclusive), which are currently outstanding in an aggregate principal amount of \$16,130,000, will be redeemed on November 28, 2014** (the "Redemption Date"), at a redemption price equal to 101% the principal amount of the Bonds, together with accrued interest to the Redemption Date;

That, prior to the Redemption Date, funds for the redemption are anticipated to be deposited with the Bank, as escrow agent (the "Escrow Agent"), on November 13, 2014.

The conditionally called Bonds are further identified as follows:\*

Maturity (August 1)	Certificate Number	Rate	Principal Amount	CUSIP*
2015	R-4	5.000%	\$ 360,000	574344 KY2
2016	R-5	5.000	390,000	574344 KZ9
2017	R-6	4.500	450,000	574344 LA3
2018	R-7	4.500	510,000	574344 LB1
2019	R-8	4.000	575,000	574344 LC9
2020	R-9	4.000	640,000	574344 LD7
2021	R-10	4.125	710,000	574344 LE5
2022	R-11	4.200	790,000	574344 LF2
2023	R-12	4.200	875,000	574344 LG0
2024	R-13	4.250	965,000	574344 LH8
2025	R-14	4.250	1,060,000	574344 LJ4
2026	R-15	4.250	1,160,000	574344 LK1
2027	R-16	4.375	1,275,000	574344 LL9
2028	R-17	4.375	1,390,000	574344 LM7
2029	R-18	4.375	1,520,000	574344 LN5
2031	R-19	4.500	3,460,000	574344 LP0

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This Conditional Notice of Redemption, and the payment of the redemption price of the Bonds on the Redemption Date, is conditional and is subject to the receipt by the Escrow Agent, in an amount sufficient to pay in full the redemption price of the Bonds on or before the Redemption Date resulting from the sale and delivery of the Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds (the "Refunding Bonds"), which are expected to be delivered on or about November 13, 2014.

In the event such funds are not received by the Escrow Agent on the Redemption Date, or a prerequisite to the redemption is not satisfied, this notice shall be of no force and effect with respect to such Bonds and the District shall not be required to redeem such Bonds and the holders of the Bonds shall have the same rights as if no such notice had been given. Such failure to make such deposit shall not constitute an event of default under the Indenture.

If sufficient funds are held by the Escrow Agent on the Redemption Date, (1) the redemption price of the Bonds shall become due; (2) interest on the Bonds shall cease to accrue from and after the Redemption Date; (3) the owners of the called Bonds shall cease to be entitled to the pledge of assets made under the Indenture; and (4) all agreements and covenants of the District contained in the Indenture with respect to the called Bonds shall be released and shall cease, terminate, become void, and shall be discharged and satisfied, except for the obligation to pay principal of and interest on the called Bonds, but only from moneys on deposit with the Escrow Agent.

Payment of the called Bonds will be made upon presentation and surrender of the called Bonds at the location shown below. Registered or certified insured mail is suggested when submitting Bonds for payment.

By Mail:

The Bank of New York Mellon Trust  
Company, N.A.  
Corporate Trust Services  
PO Box 64111  
St. Paul, MN 55154-0111

By Hand or by Overnight:

The Bank of New York Mellon Trust  
Company, N.A.  
60 Livingston Avenue  
1<sup>st</sup> Floor – Bond Drop Window  
St. Paul, MN 55107

1-800-943-6802

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at

www.\_\_\_\_\_ and click on the "Bondholder Information" link.

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## IMPORTANT NOTICE

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Dated: \_\_\_\_\_, 2014

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Paying/Escrow Agent

*\*The District and the Paying Agent shall not be responsible for the use of the CUSIP or certificate number(s) selected, nor is any representation made as to their correctness indicated in the notice, or as printed on any bond. They are included solely for the convenience of the holders.*

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**EXHIBIT A**

**NOTICE OF REDEMPTION**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2006, SERIES 2008**

**BONDS MATURING ON  
AUGUST 1, 2017, THROUGH AUGUST 1, 2033 (INCLUSIVE)**

**NOTICE IS HEREBY GIVEN** pursuant to an Indenture dated September 1, 2006, by and among the County of Yuba (the “County”), the Marysville Joint Unified School District (the “District”), and The Bank of New York Mellon Trust Company, N.A. (the “Bank”), (the “2006 Indenture”), as supplemented by a First Supplemental Indenture dated September 1, 2008, by and among the County, the District, and the Bank (the “First Supplemental Indenture”) (collectively, the 2006 Indenture and the First Supplemental Indenture are hereinafter referred to as the “Indenture”), which provided for the issuance of the above-captioned bonds (the “Bonds”) issued on September 18, 2008:

That the District has deposited in escrow with the Bank, as its escrow agent (the “Escrow Agent”), money and United States Treasury Certificates of Indebtedness, State and Local Government Series, in the necessary amount to pay or redeem all of the **Bonds maturing on and after August 1, 2017, through August 1, 2033 (inclusive);**

**That all such Bonds maturing on and after August 1, 2017, through August 1, 2033 (inclusive), which are currently outstanding in an aggregate principal amount of \$17,415,000, will be redeemed on August 1, 2016** (the “Redemption Date”), at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the Redemption Date.

The called Bonds are further identified as follows:\*

Maturity (August 1)	Certificate Number	Rate	Principal Amount	CUSIP*
2017	R-9	5.000%	\$ 270,000	574344 LY1
2018	R-10	5.000	320,000	574344 LZ8
2019	R-11	4.000	385,000	574344 MA2
2020	R-12	4.000	450,000	574344 MB0
2021	R-13	4.125	505,000	574344 MC8
2022	R-14	4.250	555,000	574344 MD6
2023	R-15	4.300	615,000	574344 ME4
2024	R-16	4.375	680,000	574344 MF1
2025	R-17	4.400	750,000	574344 MG9
2026	R-18	4.500	830,000	574344 MH7
2027	R-19	4.600	905,000	574344 MJ3
2028	R-20	4.700	990,000	574344 MK0
2029	R-21	4.750	1,080,000	574344 ML8

2030	R-22	4.800	1,170,000	574344 MM6
2031	R-23	5.250	1,275,000	574344 MN4
2032	R-24	5.500	3,165,000	574344 MP9
2033	R-25	4.750	3,470,000	574344 MQ7

The redemption price of the Bonds shall become due and interest on the Bonds shall cease to accrue from and after the Redemption Date.

Payment of the called Bonds will be made upon presentation and surrender of the called Bonds at the location shown below. Registered or certified insured mail is suggested when submitting Bonds for payment.

By Mail:

The Bank of New York Mellon Trust  
Company, N.A.  
Corporate Trust Services  
PO Box 64111  
St. Paul, MN 55154-0111

By Hand or by Overnight:

The Bank of New York Mellon Trust  
Company, N.A.  
60 Livingston Avenue  
1<sup>st</sup> Floor – Bond Drop Window  
St. Paul, MN 55107

1-800-943-6802

The owners of the called Bonds shall cease to be entitled to the pledge of assets made under the Indenture. All agreements and covenants of the District contained in the Indenture with respect to the called Bonds shall be released and shall cease, terminate, become void, and shall be discharged and satisfied, except for the obligation to pay principal of and interest on the called Bonds, but only from moneys on deposit with the Escrow Agent.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at  
www.\_\_\_\_\_ and click on the “Bondholder Information” link.

IMPORTANT NOTICE

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Dated: \_\_\_\_\_, 2014

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Paying/Escrow Agent

*\*The District and the Paying Agent shall not be responsible for the use of the CUSIP or certificate number(s) selected, nor is any representation made as to their correctness indicated in the notice, or as printed on any bond. They are included solely for the convenience of the holders*

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**\$(PAR AMOUNT)**  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**YUBA COUNTY, CALIFORNIA**  
**2014 GENERAL OBLIGATION REFUNDING BONDS**

**BOND PURCHASE AGREEMENT**

[October 28, 2014]

Marysville Joint Unified School District  
1919 B Street  
Marysville, CA 95901

Ladies and Gentlemen:

The undersigned [UNDERWRITER] (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with the Marysville Joint Unified School District (the "District"), which upon acceptance of this offer by the District, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by execution by an authorized officer of the District and the delivery of such acceptance to the Underwriter at or prior to 5:00 p.m., California time, on [October 28, 2014], and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

**1. Definitions.** All capitalized terms not defined herein shall have the meaning ascribed to them in the Preliminary Official Statement, dated \_\_\_\_\_, 2014, of the District with respect to the public offering of the Bonds, unless a different meaning clearly appears from the context, and the following words and terms shall have the following meanings, respectively:

**Bonds** means the \$(PAR AMOUNT), Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds issued pursuant to the Paying Agent Agreement.

**Bond Purchase Agreement** means this Bond Purchase Agreement.

**Business Day** means a day on which banks located in California are not required or authorized by law to be closed and the New York Stock Exchange is not closed.

**Closing Date** means the date of payment for and delivery of the Bonds as established pursuant to Section 7 (Closing) hereof.

**Closing Time** means the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 (Closing) hereof.

**Continuing Disclosure Certificate** means that certain Continuing Disclosure Certificate dated as of the Closing Date executed by the District.

**District Documents** means the Paying Agent Agreement, this Bond Purchase Agreement, and the Continuing Disclosure Certificate.

**Official Statement** means the final Official Statement of the District, dated the date hereof, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto, provided by the District.

**Paying Agent** means The Bank of New York Mellon Trust Company, N.A.

**Paying Agent Agreement** means that certain Paying Agent Agreement, entered into between the District and the Paying Agent, dated [November 1, 2014], as amended and supplemented from time to time.

**Preliminary Official Statement** means the Preliminary Official Statement of the District, dated \_\_\_\_\_, 2014, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto provided by the District.

**Refunded Prior Bonds** means (i) the outstanding bonds of the District designated the "Marysville Joint Unified School District (County of Yuba, California) General Obligation Bonds, Election of 2006, Series 2006" maturing on and after August 1, 2015, and (ii) the outstanding bonds of the District designated the "Marysville Joint Unified School District (County of Yuba, California) General Obligation Bonds, Election of 2006, Series 2008" maturing on and after August 1, 2017.

**State** means the State of California.

**2. Purchase, Sale, and Delivery of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the District for offering to the public, and the District hereby agrees to execute and deliver to or upon the order of the Underwriter all (but not less than all) of the Bonds, duly authenticated by the Paying Agent, dated their date of delivery, in the aggregate principal amount of \$[PAR AMOUNT], bearing interest at the rates and maturing on the dates and in the amounts as set forth in Exhibit A attached hereto. The aggregate purchase price to be paid by the Underwriter for the Bonds shall be \$\_\_\_\_\_, which is equal to \$[PAR AMOUNT] principal amount of the Bonds, plus/less net original issue premium/discount of \$\_\_\_\_\_, less underwriter's discount of \$\_\_\_\_\_. Payment for the Bonds shall be made in federal funds or through wire transfer of federal funds. The Bonds shall be released for delivery by the District to the Underwriter through The Depository Trust Company ("DTC"), in accordance with the terms of DTC's FAST program, no later than the Closing Time.

**3. Arm's Length Transaction. The District acknowledges and agrees that:**

(a) the purchase and sale of the Bonds under this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriter;

(b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the District;

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(c) the Underwriter has not assumed a fiduciary responsibility in favor of the District with respect to: (i) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters); or (ii) any other obligation to the District except the obligations expressly set forth in this Bond Purchase Agreement; and

(d) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction.

**4. Terms of the Bonds.** The Bonds shall be substantially in the form described in, shall be issued and secured pursuant to, shall be dated and be payable as provided in, and shall be subject to redemption as provided in the Paying Agent Agreement. The Bonds are to be initially registered in the name of Cede & Co., as nominee for DTC. The Bonds will be in such authorized denominations as DTC and the Underwriter shall require. CUSIP identification numbers will be printed on the Bonds.

**5. Official Statement.**

(a) Preliminary Official Statement. The District confirms that the Preliminary Official Statement was deemed final for purposes of Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms of the Bonds depending on such factors, and other information permitted to be omitted under Rule 15c2-12.

(b) Final Official Statement. The District agrees to deliver to the Underwriter as many copies of the final Official Statement, as the Underwriter shall reasonably request, which includes the information omitted from the Preliminary Official Statement in accordance with Rule 15c2-12, and any supplements or amendments thereto as have been approved by the Underwriter. The District agrees to deliver such Official Statements within seven business days after the execution hereof (or earlier if necessary to accompany any confirmation that requires payment from any customer).

(c) End of the Underwriting Period. The Underwriter shall give notice to the District on the date after which no participating underwriter, as such term is defined in Rule 15c2-12, remains obligated to deliver final Official Statements pursuant to paragraph (b)(4) of Rule 15c2-12.

(d) Amendments or Supplements to Official Statement. If at any time prior to the receipt of notice from the Underwriter pursuant to Section 5(c) (Official Statement – End of the Underwriting Period) hereof, that final Official Statements are no longer required to be delivered under Rule 15c2-12, any event occurs as a result of which it may be necessary to supplement the Official Statement in order to make the statements therein relating to the District, in light of the circumstances existing at such time, not misleading, the District shall forthwith notify the Underwriter in writing of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires an amendment or supplement to the Official Statement, the District will at its expense amend or supplement the Official Statement in a form and manner approved by the Underwriter. Any information supplied by the District for inclusion in any amendments or

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supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**6. Public Offering of the Bonds.** The Underwriter agrees to offer the Bonds for sale to the public at the initial public offering price or prices (or yield or yields) set forth on Exhibit A attached hereto and made a part hereof; provided, however, that the Underwriter reserves the right to change such initial public offering prices or yields as the Underwriter deems necessary or desirable, in its sole discretion in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or higher than the yields set forth in the Official Statement. The Underwriter also reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market, and (b) to discontinue such stabilizing, if commenced, at any time. A public offering shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

**7. Closing.** The Closing Time shall be at 9:00 a.m., California time, [November 13], 2014, or at such earlier or later time or on such earlier date as shall have been mutually agreed upon by the District and the Underwriter. The documents described in Section 9(e) (Conditions to the Underwriter's Obligations – Receipt of Documents) hereof shall be delivered to the Underwriter at the Closing Time; and the Underwriter will accept delivery of such documents and pay the purchase price for the Bonds as described above (credit being given for the amount of good faith deposit specified herein). Delivery of such documents shall be made at the offices of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, 400 Capitol Mall, 27<sup>th</sup> Floor, Sacramento, California, or at such other place as shall have been mutually agreed upon by the District and the Underwriter.

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

(a) Valid Existence. The District is a school district duly organized and validly existing under the laws of the State.

(b) Authority. The District has full legal right, power and authority under the laws of the State (i) to enter into the District Documents; (ii) to approve and execute the Official Statement; (iii) to issue, execute, sell, and deliver the Bonds to the Underwriter as provided herein; (iv) to perform its obligations under the District Documents; and (v) to consummate the transactions as described in the District Documents and the Official Statement.

(c) Official Action. By all necessary action, the District has duly approved the Preliminary Official Statement and authorized (i) the execution and delivery of the District Documents and the issuance, sale, execution, and delivery of the Bonds; (ii) approval of the final Official Statement and the signing of the Official Statement by the District's Superintendent or other designated officer of the District; (iii) distribution of the Preliminary Official Statement and the Official Statement by the Underwriter; and (iv) the performance of the District's obligations under

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the District Documents and the consummation of the transactions to be consummated on its part as described therein and in the Official Statement.

(d) Validity of Documents. Assuming due authorization, execution, and delivery by the other parties thereto, this Bond Purchase Agreement is in full force and effect as of the date hereof and the other District Documents and the Bonds, upon execution thereof, will each constitute valid and binding agreements or obligations of the District, enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

(e) Government Approvals. All consents, approvals, authorizations, orders, licenses, or permits of any governmental authority, legislative body, board, agency, or commission having jurisdiction of the matter (i) that are required for the due authorization by, or (ii) that would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance, sale, or delivery of the Bonds or the due performance by the District of its obligations under the District Documents, have been duly obtained (except for such approvals, consents, and orders as may be required under the Blue Sky or other securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) No Violation of Law. The issuance, sale, and delivery of the Bonds, the execution and delivery of the District Documents, and compliance with the District's obligations therein will not violate any such constitutional provision, law, administrative regulation, judgment, or decree.

(g) No Breach of Contracts. The issuance, sale, and delivery of the Bonds, the execution and delivery of the District Documents, and compliance with the District's obligations therein will not result in a breach of or constitute a default under any loan agreement, indenture, bond, note, resolution, agreement, mortgage, lease, or other instrument to which the District is a party or by which it is bound.

(h) No Litigation. As of the date hereof and except as may be described in the Official Statement, no action or proceeding is pending before any court, governmental agency or arbitrator or overtly threatened in writing against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the Board of Trustees of the District or any officer of the District who is required to act with respect to the issuance, execution, sale, and delivery of the Bonds or the execution and delivery of the District Documents; (ii) affecting or seeking to prohibit, restrain, or enjoin the issuance, sale, execution, or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the Paying Agent Agreement; (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the District Documents, the powers of the District, or its authority with respect to the issuance, sale, or delivery of the Bonds or the execution and delivery of the District Documents; (iv) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement; (v) in any way contesting or challenging the consummation of the transactions contemplated by the Official Statement or the District Documents; or (vi) in which a final adverse decision could materially adversely affect the operations of the District or adversely affect the

exclusion of interest on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxes.

(i) No Debt Issues. Between the date hereof and the Closing Time, without the consent of the Underwriter, which consent will not be unreasonably withheld, the District will not offer or issue (or request the County to issue on its behalf) any bonds, notes, or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except for such as may be described in or contemplated by the Official Statement, or in the course of normal business operations of the District.

(j) "Blue Sky" Qualification. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for distribution of the Bonds; provided, however, that the District shall not be required to register as a broker-dealer in any state or other jurisdiction of the United States.

(k) Accuracy of Preliminary Official Statement. As of the date thereof, and at the time of the District's acceptance hereof, the Preliminary Official Statement (except for any information about any bond insurer or DTC) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Preliminary Official Statement, in light of the circumstances under which they were made, not misleading.

(l) Accuracy of Official Statement. As of the date hereof, and (unless an event occurs of the nature described in Section 5(d) (Official Statement – Amendments or Supplements to Official Statement)) at all times subsequent hereto, up to and including the end of the underwriting period as described in Section 5(c) (Official Statement – End of the Underwriting Period), the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided no representation is made with respect to information about any bond insurer or DTC).

(m) Accuracy of Supplemented Official Statement. If the Official Statement is supplemented or amended pursuant to Section 5(d) (Official Statement – Amendments or Supplements to Official Statement), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto up to and including the end of the underwriting period as described in Section 5(c) (Official Statement – End of the Underwriting Period), the Official Statement as so supplemented or amended (except for any information about any bond insurer or DTC) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

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(n) Officers' Certificates. Any certificate signed by any officer or representative of the District with respect to the Bonds or the District Documents and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(o) Federal Income Tax. The District shall not take any action or fail to take any action, or permit any action or omission with regard to which the District may exercise control, if any such action or failure to act could adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California taxes of interest on the Bonds.

**9. Conditions to the Underwriter's Obligations.** The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties, and obligations of the District contained herein, in the other District Documents, and in the other documents and instruments to be delivered on the Closing Date. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of the District contained herein shall be true, complete, and correct in all material respects at the date hereof and at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate District or District officers dated the Closing Date; the statements made in all Bonds and other documents delivered to the Underwriter at the Closing Time pursuant hereto shall be true, complete, and correct in all material respects at the Closing Time; and the District shall be in compliance with each of the warranties, agreements, and covenants made by it in the District Documents.

(b) Actions and Obligations. (i) At the Closing Time all actions that, in the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, bond counsel, are necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and (ii) the District shall perform or have performed all of their respective obligations required under or specified in the District Documents to be performed at or prior to the Closing Time.

(c) Actions Relating to Documents. As of the date hereof and at the Closing Time, all necessary actions of the District relating to the District Documents and the Official Statement, and all other matters with respect to authorization, issuance, execution, sale, and delivery of the Bonds shall have been taken and shall be in full force and effect and shall not have been amended, modified, or supplemented in any material respect, except as agreed to in writing by the Underwriter.

(d) No Material Change. Subsequent to the date hereof and up to and including the Closing Time, there shall not have occurred any material adverse change in the financial position, results of operations, or condition, financial or otherwise, of the District; or any change in any of the District Documents, as the foregoing matters are described in the Official Statement, that in the reasonable judgment of the Underwriter would materially impair the investment quality of the Bonds.

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(e) Receipt of Documents. At or prior to the Closing Date, the Underwriter shall receive a transcript of all proceedings relating to the authorization, issuance, execution, sale, and delivery of the Bonds, certified by such officer or officers of the District as shall be satisfactory to the Underwriter, specifically including copies of each of the following documents:

(i) Official Statement. The Official Statement delivered in accordance with Section 5 (Official Statement) hereof and each supplement or amendment, if any, each executed by the Superintendent of the District or another authorized officer of the District.

(ii) Final Opinion of Bond Counsel. An approving legal opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, bond counsel, dated the Closing Date, in the form of Appendix A to the Official Statement, and a letter from bond counsel addressed to the Underwriter authorizing the Underwriter to rely on that opinion.

(iii) Supplemental Opinion of Bond Counsel. A supplemental opinion of bond counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the District and the Underwriter, to the effect that

(1) The description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS" (excluding any and all information contained under the subheading "- DTC Book-Entry Only"), and "LEGAL MATTERS – Tax Matters," to the extent they purport to summarize certain provisions of the Resolution (defined below), the Paying Agent Agreement, and the Continuing Disclosure Certificate, fairly and accurately summarize the matters purported to be summarized therein;

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

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

(iv) District Resolution. The resolution of the Board of Trustees of the District (the "Resolution") authorizing the execution and delivery of the Bonds and the execution and delivery of the District Documents, approving the Preliminary Official Statement, and authorizing execution of the Official Statement and distribution of the Preliminary Official Statement and the Official Statement, certified by the Secretary of the Board of Trustees.

(v) Tax Certificate. A Tax Certificate of the District in form satisfactory to bond counsel, signed by such officers of the District as shall be satisfactory to bond counsel and the Underwriter.

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(vi) District's Certificate. A certificate, dated the Closing Date and signed by such officers of the District as shall be satisfactory to the Underwriter, to the effect that:

(1) the representations and warranties of the District contained herein are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time;

(2) the resolution of the Board of Trustees of the District authorizing the issuance, execution, sale, and delivery of the Bonds and the execution and delivery of the District Documents, approving the Preliminary Official Statement, and authorizing execution of the Official Statement and distribution of the Preliminary Official Statement and the Official Statement is in full force and effect at the Closing Time and has not been amended, modified, or supplemented, except as agreed to in writing by the Underwriter;

(3) there has not been any adverse change of a material nature in the financial position, results of operations, or condition, financial or otherwise, of the District since the date of this Bond Purchase Agreement; and

(4) the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time.

(vii) Paying Agent's Certificate. A certificate dated the Closing Date of an authorized officer of the Paying Agent to the effect that:

(1) the Paying Agent has duly accepted its duties under the Paying Agent Agreement;

(2) the Paying Agent Agreement was duly executed and delivered and the Bonds were duly authenticated in the name and on behalf of the Paying Agent by authorized signatories of the Paying Agent; and

(3) there are no actions or proceedings against the Paying Agent pending (service of process having been accomplished) or overtly threatened in writing, before any court, governmental agency, or arbitrator that a) seek to restrain or enjoin the execution and delivery of the Paying Agent Agreement or the delivery of the Bonds or b) seek to affect the validity of the Bonds or the Paying Agent Agreement.

(viii) Agreements. Fully executed copies of the Paying Agent Agreement and the Continuing Disclosure Certificate.

(ix) Rating Letter. Letter evidencing that the Bonds are rated Standard and Poors "\_\_\_\_" (\_\_\_\_) and that such rating is in full force and effect and has not been withdrawn or downgraded for any reason.

(x) Verification Report. A report (as required by Government Code section 53558) from a certified public accountant licensed to practice in California certifying the sufficiency of the proceeds of the Bonds and the maturing principal amounts of and interest earned on the government obligations purchased therewith and the other moneys to be deposited pursuant to

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the Escrow Agreement to pay and redeem the Refunded Prior Bonds and to pay the designated costs of issuance of the Bonds.

(xi) Other Legal Opinions and Documents. Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter or bond counsel may reasonably request to evidence compliance by the District and the Paying Agent with all legal requirements with respect to the issuance, sale, execution, and delivery of the Bonds and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

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

The Underwriter shall also have the right to cancel its obligations to purchase the Bonds, by written notice to the District, if between the date hereof and the Closing Time:

(a) Inaccuracy of Official Statement. Any event occurs or information becomes known that, in the reasonable judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(b) Change in Law Affecting Bonds. Any legislation, resolution, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State, or a decision by any court of competent jurisdiction within the State shall be rendered, or any action taken by any department or agency of the State or federal government that, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;

(c) Change in Law Affecting Tax Exemption. The market for the Bonds or the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter, by legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State; or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, that would have the effect of changing, directly or indirectly, the federal income tax consequences or State income tax consequences of the receipt of interest paid with respect to obligations of the general character of the Bonds;

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(d) Administrative Action Affecting Securities Law Status. A stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission (including a no-action or interpretive letter of the staff thereof) or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, execution, sale, or delivery of obligations of the general character of the Bonds, including any underlying or related arrangements, as contemplated hereby or by the Official Statement, is in violation of (or would be in violation unless registered or otherwise qualified under) any provision of the Securities Act of 1933, as amended and as then in effect (the "Securities Act"), or the Bonds, including any underlying or related arrangements, are required to be registered under the Securities Exchange Act of 1934, as amended and as then in effect (the "Exchange Act"), or the Paying Agent Agreement is required to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act");

(e) Change in Law Affecting Securities Law Status. Legislation shall be introduced in or enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, including any underlying or related arrangements, are not exempt from registration, qualification, or the other requirements of the Securities Act or the Exchange Act that are not now applicable to the Bonds and any underlying or related arrangements or that the Paying Agent Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act;

(f) Change in Capital Requirements. Any national securities exchange, or any governmental authority, shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(g) Banking Moratorium. A general banking moratorium shall have been established by federal, State of New York, or State authorities;

(h) National Emergency. A war involving the United States of America shall have been declared, or any conflict involving the armed forces of the United States of America shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred (regardless of the circumstances, if any, that exist as to such events as of the date hereof) that, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;

(i) Suspension of Trading. A general suspension of trading on the New York Stock Exchange shall be in force;

(j) Trading Restrictions. Additional material restrictions not in force or not being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange that, in the professional opinion of the Underwriter, materially and adversely affects the market price for the Bonds;

(k) Litigation. Any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, execution, or delivery of the Bonds or in any way contesting or

affecting any authority for or the validity of the proceedings authorizing and approving the Bonds, the District Documents, or the existence or powers of the District; or

(l) Ratings Change. The withdrawal or downgrading of the underlying rating of the Bonds.

If the Underwriter terminates its obligations to purchase the Bonds because the conditions specified in this Bond Purchase Agreement shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriter.

**11. Conditions to Obligations of the District.** The performance by the District of its obligations hereunder is conditioned upon (i) the performance by the Underwriter of its obligations hereunder at or prior to the Closing Date, and (ii) the following additional conditions:

(a) Continued Legality. No order, decree, injunction, ruling, or regulation of any court, regulatory agency, public board, or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the issuance, offering, sale, execution, or delivery of the Bonds as contemplated hereby or by the Official Statement; and

(b) Opinions and Certificates. The opinions and certificates required to be delivered at the Closing Time under Section 9(e) (Conditions to the Underwriter's Obligations – Receipt of Documents) of this Bond Purchase Agreement by persons and entities other than the District shall have been delivered to the District in form and substance satisfactory to bond counsel.

**12. Expenses.**

(a) The Underwriter shall pay all of the expenses that it incurs, including but not limited to:

- (i) the fees and expenses of Underwriter's counsel (if any);
- (ii) all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including all advertising expenses and "blue sky" filing fees;
- (iii) the cost of preparation and printing (and/or word processing and reproduction) of the "blue sky" and legal investment memoranda, if any;
- (iv) the expense of providing immediately available funds in accordance with Section 7 (Closing);
- (v) the fees of CUSIP and CDIAC in connection with the Bonds;
- (vi) any MSRB or SIFMA fees in connection with the Bonds;
- (vii) the fees of The Depository Trust Company in connection with the Bonds; and
- (viii) the premium for any bond insurance policy obtained for the Bonds.

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(b) The District shall pay any expenses incident to the performance of its obligations hereunder, including but not limited to the following:

- (i) the fees and disbursements of the District's financial advisor and bond counsel;
- (ii) the fees for the Standard & Poor's bond rating;
- (iii) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement;
- (iv) the initial fees of the Paying Agent; and
- (v) other fees and expenses incurred by the District incident to the issuance and sale of the Bonds.

**13. Continuing Disclosure.** The District will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as otherwise disclosed in the Official Statement, to the best knowledge of the District's current administrative staff, the District has never failed to comply in all material respects with any previous undertakings with regard to said Rule 15c2-12 to provide annual reports or notices of material events with respect to the last five years.

**14. Notices.** Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing;

if to the District, addressed to:

Marysville Joint Unified School District  
1919 B Street  
Marysville, California 95901  
Attention: Superintendent

or if to the Underwriter, addressed to:

[UNDERWRITER]  
[Address]  
[City, State]  
Attention: \_\_\_\_\_

**15. Parties in Interest.** This Bond Purchase Agreement, when accepted by the District in writing as heretofore specified, shall constitute the entire agreement between the District and the Underwriter, and is made solely for the benefit of the District and the Underwriter (including the successors of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

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16. **Survival of Representations and Warranties.** All representations, warranties, and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriter; (b) delivery of and payment by the Underwriter for the Bonds hereunder; and (c) any termination of this Bond Purchase Agreement.

17. **Section Headings and References.** The headings or titles of the sections and subsections of this Bond Purchase Agreement are solely for convenience of reference and shall not affect the meaning, construction, or effect of any provision of this Bond Purchase Agreement.

18. **Execution in Counterparts.** This Bond Purchase Agreement may be executed in several counterparts and by each of the parties hereto in separate counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

19. **Applicable Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

20. **Effective Date.** This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance.

21. **Good Faith Deposit.** The Underwriter shall wire \$ \_\_\_\_\_ to the District's account within two business days hereof as security for the performance by the Underwriter of its obligations hereunder. If the Underwriter purchases the Bonds, the amount of the good faith deposit shall be credited toward the payment of the purchase price at the Closing, as provided herein. If the District fails to deliver the Bonds at the Closing, or if the District is unable to satisfy the conditions of the Underwriter's obligation to purchase the Bonds, or if the Underwriter's obligation to purchase the Bonds is terminated in accordance herewith, this Purchase Agreement shall terminate and neither the Underwriter nor the District shall be under further obligation hereunder, except that the District shall immediately return the good faith deposit to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to pay for the Bonds at the Closing, the District may retain the good faith deposit as full liquidated damages for such failure and for any other defaults by the Underwriter, and the District's retention of the good faith deposit shall constitute a full release and discharge of all claims and damages for the Underwriter's failure and defaults. The Underwriter hereby waives any right to claim that the District's actual damages are less than the amount of the good faith deposit, and the District's acceptance of this offer shall constitute a waiver of any right the District may have to additional damages from the Underwriter. Any interest or other income from the investment of the good faith deposit by the District shall belong to the District.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, the parties hereto have executed this Bond Purchase Agreement by their officers duly authorized.

**[UNDERWRITER]**

By: \_\_\_\_\_  
[NAME/TITLE]

**MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

By: \_\_\_\_\_  
[NAME/TITLE]

**Acceptance Time: \_\_\_\_\_ a.m./ p.m. on \_\_\_\_\_, 2014**

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**EXHIBIT A**

**DESCRIPTION OF THE BONDS**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Reoffering Price</u></b>
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NEW ISSUE  
DTC BOOK-ENTRY ONLY

S&P Rating: “\_\_\_”  
See “RATING” herein

*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 excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 “LEGAL MATTERS—Tax Matters” herein.*



\$\_\_\_\_\_,000\*  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS**

**DATED: Date of Delivery**

**DUE: August 1, as shown on the inside cover**

*The Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds in the aggregate principal amount of \$\_\_\_\_\_,000\* (the “Bonds”) are being issued by the Marysville Joint Unified School District (the “District”) to (i) refund certain outstanding general obligation bonds of the District originally issued for authorized school purposes and (ii) pay costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.*

*The Board of Supervisors of Yuba County and the Board of Supervisors of Butte County are empowered and obligated to annually levy and collect ad valorem property taxes without limitation as to rate or amount on all taxable property in the District located within such county (except for certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.*

*Interest on the Bonds is first payable on February 1, 2015, and semiannually thereafter on February 1 and August 1 of each year. The Bonds are subject to redemption prior to their maturity. See “THE BONDS—Redemption Provisions” herein.*

*The Bonds are being issued as fully registered bonds, without coupons, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry-only form and only in authorized denominations as described in this Official Statement. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A. as paying agent (the “Paying Agent”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners. See “THE BONDS—DTC Book-Entry Only” herein.*

*THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELEVANT TO AN INVESTMENT IN THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE NOT OTHERWISE DEFINED WILL HAVE THE MEANINGS SET FORTH HEREIN.*

**MATURITY SCHEDULE**

See Inside Cover

*The Bonds are being purchased for reoffering by \_\_\_\_\_ as underwriter of the Bonds. The Bonds are offered when, as and if issued by the District and received by the Underwriter, subject to approval as to legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York on or about September 23, 2014.*

This Official Statement is dated \_\_\_\_\_, 2014

\*Preliminary, subject to adjustment.

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The Information contained in this Preliminary Official Statement has been deemed by the District to be final as of the date hereof; however, the information contained herein is subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

THIS OFFICIAL STATEMENT IS SUBMITTED WITH RESPECT TO 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 TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS. 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 LAW OF ANY STATE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY A PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE AN OFFER, SOLICITATION OR SALE.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED HEREIN, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE DISTRICT AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE HEREOF.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES UNDER FEDERAL SECURITIES LAWS, AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

ALL SUMMARIES OF THE DOCUMENTS REFERRED TO IN THIS OFFICIAL STATEMENT ARE QUALIFIED BY THE PROVISIONS OF THE RESPECTIVE DOCUMENTS SUMMARIZED AND DO NOT PURPORT TO BE COMPLETE STATEMENTS OF ANY OR ALL OF SUCH PROVISIONS.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED CHANGE.

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

THE DISTRICT MAINTAINS A WEBSITE; HOWEVER, THE INFORMATION PRESENTED THERE IS NOT A PART OF THIS OFFICIAL STATEMENT AND SHOULD NOT BE RELIED UPON IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE BONDS.

## MATURITY SCHEDULE

\$ \_\_, \_\_, \_\_, 000\*

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS

Maturity Date August 1	Principal Amount*	Coupon Interest Rate	Reoffering Price or Yield	CUSIP <sup>+</sup>
2015	\$ __,000	__ %	__ %	_____
2016	__,000	__	__	_____
2017	__,000	__	__	_____
2018	__,000	__	__	_____
2019	__,000	__	__	_____
2020	__,000	__	__	_____
2021	__,000	__	__	_____
2022	__,000	__	__	_____
2023	__,000	__	__	_____
2024	__,000	__	__	_____
2025	__,000	__	__	_____
2026	__,000	__	__	_____
2027	__,000	__	__	_____
2028	__,000	__	__	_____
2029	__,000	__	__	_____
2030	__,000	__	__	_____
2031	__,000	__	__	_____
2032	__,000	__	__	_____
2033	__,000	__	__	_____

<sup>+</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

\$ \_\_, \_\_, 000 \*

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS

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DISTRICT BOARD OF TRUSTEES

Frank J. Crawford, President  
Bernard P. Rechs, Vice President  
Anthony J. Dannible, Clerk  
Jim C. Flurry, Trustee Representative  
Jeff D. Boom, Member  
Philip R. Miller, Member  
Glen E. Harris, Member

DISTRICT ADMINISTRATION

Gay Todd, Ed.D., Superintendent  
Ryan DiGiulio, Assistant Superintendent of Business Services  
Ramiro Carreon, Assistant Superintendent of Personnel Services

Marysville Joint Unified School District  
1919 B Street  
Marysville, California 95901  
(530) 741-6000

FINANCIAL ADVISOR

Government Financial Strategies inc.  
1228 N Street, Suite 13  
Sacramento, California 95814  
(916) 444-5100

BOND COUNSEL

Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation  
400 Capitol Mall, 27th Floor  
Sacramento, California 95814  
(916) 321-4500

PAYING AGENT AND ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.  
2001 Bryan Street, 11<sup>th</sup> Floor  
Dallas, Texas 75201  
(214) 468-6406

VERIFICATION AGENT

AMTEC Corporation  
90 Avon Meadow Lane, 2<sup>nd</sup> Floor  
Avon, Connecticut 06001  
(860) 321-7521

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\* Preliminary; subject to adjustment.

\$ \_\_, \_\_, \_\_, 000 \*

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS

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JUNE 30, 2013

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APPENDIX D—YUBA COUNTY INVESTMENT POLICY

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## OFFICIAL STATEMENT

\$ \_\_, \_\_, 000 \*  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
2014 GENERAL OBLIGATION REFUNDING BONDS

### INTRODUCTORY STATEMENT

#### General

The purpose of this Official Statement is to provide certain information concerning the sale and delivery of the Marysville Joint Unified School District, Yuba County, California, 2014 General Obligation Refunding Bonds in the aggregate principal amount of \$ \_\_, \_\_, 000\* (the "Bonds").

This INTRODUCTORY STATEMENT is not a summary of this Official Statement. It is only a brief description of and guide to this Official Statement and is qualified by more complete and detailed information contained in this entire Official Statement, which includes the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement by persons interested in investing in the Bonds. The offering of the Bonds to potential investors is made only by means of this entire Official Statement.

#### The District

Marysville Joint Unified School District (the "District"), a political subdivision of the State of California (the "State"), occupies approximately 1,700 square miles of central and northern Yuba County (the "County") and a portion of Butte County. The District educates approximately 9,500 students at fourteen elementary schools, three intermediate schools, two comprehensive high schools, two alternative high schools, one alternative K-12 school, a charter school for the arts for grades 7-12, and preschool and day care centers. The District is governed by a seven-member Board of Trustees (the "District Board"). See "THE DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein.

#### Authority for Issuance

The Bonds are issued by the District under and pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and all laws amendatory thereof or supplemental thereto, and pursuant to the provisions of Resolution No. \_\_\_\_\_ (the "Resolution") adopted by the District Board on October 14, 2014, and a paying agent agreement (the "Paying Agent Agreement") dated as of November 1, 2014, between the District and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"). The State Government Code permits the issuance of bonds payable from *ad valorem* taxes without a vote of the electors solely in order to refund other outstanding bonds which were originally approved by such a vote, provided that the total net interest cost to maturity plus the principal amount of the refunding bonds does not exceed the total net interest cost to maturity plus the principal amount of the bonds being refunded.

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\* Preliminary; subject to adjustment.

The bonds to be refunded were authorized at an election held on June 6, 2006 (the "2006 Election") by more than 55% of the votes cast by eligible voters within the District. The 2006 Election authorized the issuance of bonds in an aggregate principal amount not to exceed \$37 million for school purposes.

#### Purpose of Issue

The Bonds are being issued to refund the Marysville Joint Unified School District (Yuba County, California) General Obligation Bonds, Election of 2006, Series 2006 (the "Series 2006 Bonds") maturing August 1, 2015 through August 1, 2031, inclusive (the "Refunded 2006 Bonds") and the Marysville Joint Unified School District (Yuba County, California) General Obligation Bonds, Election of 2006, Series 2008 (the "Series 2008 Bonds") maturing August 1, 2017 through August 1, 2032, inclusive (the "Refunded 2008 Bonds," and together with the Refunded 2006 Bonds, the "Refunded Bonds") and (ii) to pay costs of issuance of the Bonds. See "PLAN OF REFUNDING" herein.

#### Source of Payment for the Bonds

The Board of Supervisors of the County (the "County Board") and the Board of Supervisors of Butte County are empowered and obligated to annually levy and collect *ad valorem* property taxes, without limitation as to rate or amount, on all taxable property in the District that is located within such county (except for certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.

#### Description of the Bonds

The Bonds are dated their date of delivery and issued as fully registered bonds, without coupons, in book-entry form only. The Bonds are initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Payments of the principal of and interest on the Bonds will be made by the Paying Agent to DTC for subsequent disbursement to the beneficial owners of the Bonds (the "Beneficial Owners"). See "THE BONDS—DTC Book-Entry-Only" herein.

The Bonds are issued in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1 in each of the years and in the amounts set forth on the inside cover page hereof. Interest with respect to the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2015, and computed on the basis of a 360-day year of twelve 30-day months. See "THE BONDS—Payment of Principal and Interest" herein.

The Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption Provisions" herein.

#### Bond Insurance

The decision as to whether or not payment of debt service on the Bonds will be insured will be determined by the Underwriter of the Bonds at the time of the sale of the Bonds.

#### Continuing Disclosure

The District will covenant for the benefit of holders and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of certain enumerated events are set forth in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE." See also "CONTINUING DISCLOSURE" herein.

#### Professionals Involved

Government Financial Strategies inc., Sacramento, California, has acted as financial advisor (the "Financial Advisor") with respect to the sale and delivery of the Bonds. See "FINANCIAL ADVISOR" herein. All proceedings in connection with the sale and delivery of the Bonds are subject to the approving legal opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional

Corporation, Sacramento, California ("Bond Counsel"). The Bank of New York Mellon Trust Company, N.A. will act as paying agent with respect to the Bonds and escrow agent (the "Escrow Agent") with respect to the Refunded Bonds. Bond Counsel, Paying Agent and Escrow Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

#### Other Information

This Official Statement may be considered current only as of its date that has been made a part of the cover page hereof, and the information contained herein is subject to change. A description of the Bonds and the District, together with summaries of certain provisions of the Resolution, the Paying Agent Agreement and other legal documents related to the Bonds, are included in this Official Statement. Such summaries do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to such documents.

Interested parties may obtain copies of the Resolution, the Paying Agent Agreement, audited financial statements, annual budgets, or any other information which is generally made available to the public by contacting the District through the Assistant Superintendent of Business Services at the address and telephone set forth on page "iv" of this Official Statement, or by contacting Government Financial Strategies inc., the District's financial advisor, at the address and telephone set forth on page "iv" of this Official Statement.

### THE BONDS

#### Authority for Issuance

The Bonds are issued by the District under and pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and all laws amendatory thereof or supplemental thereto, and pursuant to the provisions of the Resolution and the Paying Agent Agreement. The State Government Code permits the issuance of bonds payable from *ad valorem* taxes without a vote of the electors solely in order to refund other outstanding bonds which were originally approved by such a vote, provided that the total debt service to maturity on the refunding bonds does not exceed the total debt service to maturity on the bonds being refunded.

The Refunded Bonds were authorized at the 2006 Election by more than 55% of the votes cast by eligible voters within the District. The 2006 Election authorized the issuance of bonds in an aggregate principal amount not to exceed \$37 million for school purposes. On September 14, 2006, the County issued, on behalf of the District, the Series 2006 Bonds. On September 18, 2008, the District issued the Series 2008 Bonds. No authorization remains under the 2006 Election.

#### Form and Registration

The Bonds are dated their date of delivery and issued as fully registered bonds, without coupons, in book-entry form only. Pursuant to the Paying Agent Agreement, the Paying Agent will keep and maintain for and on behalf of the District at the Paying Agent's corporate trust office, books (the "Bond Register") for recording the owners of the Bonds (the "Registered Owners"), the transfer, exchange, and replacement of the Bonds, and the payment of the principal of and interest on the Bonds to the Registered Owners. All transfers, exchanges, and replacement of the Bonds will be noted in the Bond Register.

The Bonds will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds. See "THE BONDS—DTC Book-Entry Only" herein.

**So long as the Bonds are registered in the name of Cede & Co., as nominee for DTC, references in this Official Statement to the Registered Owners shall mean Cede & Co., and shall not mean the purchasers or beneficial owners of the Bonds.**

### Payment of Principal and Interest

The Bonds are issued in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1 in each of the years and in the amounts set forth on the inside cover page hereof. Interest with respect to the Bonds is payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2015. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months.

Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof, unless it is authenticated as of a day during the period after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") to that Interest Payment Date, both dates inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2015, in which event it will bear interest from the date of delivery, provided, that if, at the time of authentication of any Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by wire transfer on each payment date to Cede & Co., so long as Cede & Co. is the sole Registered Owner. In the event the book-entry system is no longer in use, interest on each Bond due on any Interest Payment Date is payable by check of the Paying Agent mailed to the Registered Owner thereof at such Registered Owner's address as it appears on the registration books at the close of business on the preceding Record Date; provided that at the written request of the Registered Owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Bonds will be paid on the succeeding Interest Payment Date to such account as shall be specified in such written request.

### Redemption Provisions

*Optional Redemption.* The Bonds maturing on or before August 1, 2024, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 2025, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2024, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with accrued interest to the date fixed for redemption.

*[Mandatory Sinking Fund Redemption:* The Bonds maturing by their terms on August 1, \_\_\_\_, (the "Term Bonds") are subject to mandatory sinking fund redemption prior to their maturity in part, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, if any, without premium, solely from mandatory sinking fund payments as provided in the Paying Agent Agreement, on each August 1 specified in the table below, but which amounts will be reduced proportionately by the principal amount of all such Term Bonds optionally redeemed.

#### Mandatory Sinking Fund Redemption Schedule Marysville Joint Unified School District

Year Ending August 1	Sinking Fund Amount
-------------------------	------------------------

1

*Selection of Bonds for Redemption.* If less than all the outstanding Bonds are to be redeemed, the District may specify the maturities to be redeemed. If the District does not specify the maturities to be redeemed, then, not more than 45 days prior to the redemption date, the Paying Agent shall select the particular Bonds to be redeemed from the outstanding Bonds that have not previously been called for redemption, in minimum denominations of \$5,000, by lot in any manner that the Paying Agent in its sole discretion shall deem appropriate and fair.

*Notice of Redemption.* Pursuant to the Paying Agent Agreement, notice of any redemption of the Bonds will be mailed postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, to the respective Registered Owners thereof at the addresses appearing on the Bond Register, and will file such notice to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. Each notice of redemption will contain:

- the date of such notice;
- the name of the Bonds;

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- the date of issue of the Bonds;
- the redemption date;
- the redemption price;
- the dates of maturity of the Bonds to be redeemed;
- in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed
- in the case of less than all of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed;
- the CUSIP number, if any, of each maturity of Bonds to be redeemed;
- a statement that such Bonds must be surrendered by the Registered Owners at the place or places designated by the Paying Agent; and
- notice that further interest on such Bonds will not accrue after the designated redemption date.

*Effect of Redemption.* Failure of any Registered Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption, nor the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is on deposit with the Paying Agent, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefore.

*Right to Rescind Notice.* The District 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 so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption monies are not available or otherwise held in trust for such purpose in an amount sufficient to pay in full on said 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.

#### DTC Book-Entry Only

*The information below has been provided by DTC for use in securities offering documents, and the District does not take responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or DTC Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds, or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do in a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.*

*The following description is of DTC, its procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, other payments with respect to the Bonds to Direct Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds, notices to Beneficial Owners and other related transactions by and between DTC, the participants, and the Beneficial Owners. However, DTC, the participants, and the Beneficial Owners should not rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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).

Redemption proceeds, distributions, and dividend 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 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, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or 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, Bond certificates will be printed and delivered to DTC.

#### Transfer and Exchange

If the book-entry system as described above is no longer used with respect to the Bonds, the provisions in the Paying Agent Agreement summarized below will govern the registration, transfer, and exchange of the Bonds.

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

Every Bond presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form satisfactory to the Paying Agent, that is duly executed by the Registered Owner or by his attorney duly authorized in writing. Upon surrender of a Bond for transfer at the office of the Paying Agent, the District will execute and, if required, the Paying Agent shall 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 office of the Paying Agent. Upon surrender of Bonds for exchange, the District shall execute and, if required, the Paying Agent shall authenticate and deliver the Bonds that the Registered Owner making the exchange is entitled to receive. All fees and costs of any transfer or exchange of Bonds shall be paid by the Registered Owner requesting such transfer or exchange.

The Paying Agent is not be required to transfer or exchange during the period from the close of business on the Record Date next preceding any Interest Payment Date or redemption date to and including such Interest Payment Date or redemption date.

#### Defeasance of Bonds

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Registered Owners of all outstanding Bonds all of the principal, interest and premium, if any, represented by the Bonds, then such Registered Owners shall cease to be entitled to the obligation to levy taxes for payment of the Bonds, and such obligation and all agreements and covenants of the District to such Registered Owners shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of and interest and premium, if any, on the Bonds, but only out of monies on deposit in the Debt Service Fund or otherwise held in trust for such payment.

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow 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 and available monies then on deposit in the Debt Service Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

#### Unclaimed Moneys

Any money held by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Debt Service Fund of the District for payment of any outstanding bonds of the District payable from said fund, without liability for interest; or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

## PLAN OF REFUNDING

### Application and Investment of Bond Proceeds

A portion of the proceeds from the sale of the Bonds will be irrevocably deposited into an escrow fund (the "Escrow Fund") to be created and maintained by the Escrow Agent under that certain escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent dated as of November 1, 2014. A portion of the moneys in the Escrow Fund will be invested in non-callable direct obligations of the United States Treasury 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, with the balance in the Escrow Fund held as cash, uninvested.

A portion of the proceeds of the Bonds will be retained by the Paying Agent in the Costs of Issuance Fund and used to pay costs associated with the issuance of the Bonds. Any proceeds deposited into the Costs of Issuance Fund not needed to pay the costs of issuance of the Bonds will be transferred by the Paying Agent to the Treasurer for deposit in the Debt Service Fund.

AMTEC Corporation and Ross & Company, PLLC, together acting as verification agent with respect to the Escrow Fund, will certify in writing that moneys irrevocably deposited in the Escrow Fund, together with earnings thereon, will be sufficient for the payment of interest coming due and payable to the date fixed for redemption plus the redemption amount of the Refunded Bonds. Upon such irrevocable deposit, the Refunded Bonds will be deemed paid and no longer outstanding.

The Refunded Bonds and refunding details are identified in the following table.

### Refunded Bonds Marysville Joint Unified School District

<u>Series</u>	<u>Maturities To Be Refunded</u>	<u>Principal Amount To Be Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price<sup>*</sup></u>
Series 2006 Bonds	August 1, 2015 - 2031	\$16,130,000	November 28, 2014	101%
Series 2008 Bonds	August 1, 2017 - 2033	\$17,415,000	August 1, 2016	100%

<sup>\*</sup> Plus accrued interest.

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## Sources and Uses of Funds

The sources and uses of funds in connection with the sale and delivery of the Bonds are set forth in the following table.

### Sources and Uses of Funds Marysville Joint Unified School District 2014 General Obligation Refunding Bonds

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#### SOURCES OF FUNDS

Par Amount of Bonds  
Original Issue Premium

#### TOTAL SOURCES OF FUNDS

#### USES OF FUNDS

Escrow Fund  
Costs of Issuance Fund <sup>1</sup>  
Underwriter's Discount

#### TOTAL USES OF FUNDS

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<sup>1</sup>The Costs of Issuance Fund will be used to pay costs of issuance of the Bonds including fees and expenses of Bond Counsel, the Financial Advisor, the Paying Agent, the Escrow Agent, the ratings fee and all other expenses related to the issuance of the Bonds.

*General.* Moneys in the Debt Service Fund will be invested by the Yuba County Treasurer and Tax Collector (the "Treasurer") in any lawful investment permitted by Sections 16429.1 and 53601 of the State Government Code, including but not limited to the County's investment pool (the "County Pool"; see "COUNTY OF YUBA INVESTMENT POOL" and "APPENDIX D—YUBA COUNTY INVESTMENT POLICY" herein).

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## Debt Service Schedules

Scheduled debt service on the Bonds (without regard to optional redemption) is shown in the following table.

### Debt Service Schedule 2014 General Obligation Refunding Bonds

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
February 1, 2015				
August 1, 2015				
February 1, 2016				
August 1, 2016				
February 1, 2017				
August 1, 2017				
February 1, 2018				
August 1, 2018				
February 1, 2019				
August 1, 2019				
February 1, 2020				
August 1, 2020				
February 1, 2021				
August 1, 2021				
February 1, 2022				
August 1, 2022				
February 1, 2023				
August 1, 2023				
February 1, 2024				
August 1, 2024				
February 1, 2025				
August 1, 2025				
February 1, 2026				
August 1, 2026				
February 1, 2027				
August 1, 2027				
February 1, 2028				
August 1, 2028				
February 1, 2029				
August 1, 2029				
February 1, 2030				
August 1, 2030				
February 1, 2031				
August 1, 2031				
February 1, 2032				
August 1, 2032				
February 1, 2033				
August 1, 2033				
Total				

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Upon issuance of the Bonds, scheduled debt service on the District's outstanding general obligation bond debt (without regard to optional redemption) is shown in the following table. See "DISTRICT FINANCIAL INFORMATION—Long-Term Borrowings" for more information on the District's outstanding bonded debt.

**Outstanding General Obligation Bond Debt Service**  
**Marysville Joint Unified School District**

<u>Year</u>	<u>Bonds to Remain Outstanding</u>	<u>Bonds</u>	<u>Total General Obligation Bond Debt Service</u>
2015	\$2,091,406		
2016	2,234,156		
2017	2,093,406		
2018	2,182,906		
2019	2,272,756		
2020	2,365,456		
2021	2,470,456		
2022	2,571,656		
2023	2,680,306		
2024	2,795,306		
2025	2,910,306		
2026	3,040,306		
2027	3,170,306		
2028	3,307,781		
2029	3,451,781		
2030	3,597,369		
2031	3,755,369		
2032	3,918,619		
2033	4,086,931		
2034	4,262,819		
2035	4,450,000		
2036	4,645,000		
Total	\$68,354,400		

**SECURITY AND SOURCE OF PAYMENT**

General

In order to provide sufficient funds for repayment of principal of and interest on the Bonds when due, the County Board and the Board of Supervisors of Butte County are empowered and obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District that is located within such county, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues are deposited in the District's Debt Service Fund required to be maintained by the County and to be used solely for debt service on general obligation bonds of the District.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total net assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

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Local property taxation is the responsibility of various county officers. For each school district, the county assessor computes the value of locally assessed taxable property. Based on the net assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer/tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer/tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located (the District is located in Yuba County and Butte County). The State Board of Equalization also assesses certain special classes of property, as described later in this section.

#### Assessed Valuation of Property Within the District

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Although most taxable property is assessed by the assessor of the county in which the property is located, some special classes of property are assessed by the State Board of Equalization, as described below under the heading, "State-Assessed Property."

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. Under Proposition 13, an amendment to the State Constitution adopted in 1978, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property and of similar properties more recently sold. Likewise, changes in ownership of property and reassessment of such property to market value commonly lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See "CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES & EXPENDITURES."

Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a significant reduction in the net assessed value of taxable property within the District, and as a result there could be substantial delinquencies in the payment of *ad valorem* taxes within the District.

*Appeals of Assessed Valuation.* State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may 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. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the county treasurer/tax collector against all taxing agencies who received tax revenues, including the District.

*State-Assessed Property.* Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The State Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts. Taxation by the local county tax officials is in the same manner as for

locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the State Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the State Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among taxing jurisdictions in each county. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in each county.

The District is unable to predict future transfers of State-assessed property in the District, the County and Butte County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Shown in the following table are 10 years of the District's historical assessed valuation. Total secured assessed values include net local secured, secured homeowner exemption and utility values. Total unsecured assessed values include net local unsecured and unsecured homeowner exemption values. The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds.

#### Historical Total Secured and Unsecured Assessed Valuation Marysville Joint Unified School District

Fiscal Year July 1	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	Percentage Change
2005 -06	\$2,703,043,393	\$205,441,833	\$2,908,485,226	--
2006 -07	3,340,638,957	217,968,958	3,558,607,915	22.4%
2007 -08	3,770,941,726	214,445,040	3,985,386,766	12.0%
2008 -09	3,746,856,819	218,943,149	3,965,799,968	-0.5%
2009 -10	3,508,439,806	211,980,122	3,720,419,928	-6.2%
2010 -11	3,333,552,330	192,259,488	3,525,811,818	-5.2%
2011 -12	3,277,436,828	187,833,796	3,465,270,624	-1.7%
2012 -13	3,199,412,115	187,956,359	3,387,368,474	-2.2%
2013 -14	3,246,459,956	185,603,287	3,432,063,243	1.3%
2014 -15	3,390,209,331	182,541,310	3,572,750,641	4.1%

Source: Yuba County Auditor/Controller and Butte County Auditor-Controller.

The District may not issue bonds in excess of 1.25% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity in fiscal year 2014-15 is approximately \$89.3 million. Upon issuance of the Bonds, the District will have remaining bonding capacity of approximately \$55.0 million.

\* Preliminary; subject to adjustment

Set forth in the following table is the historical assessed valuation by county for the District.

**Historical Total Assessed Valuation by County  
Marysville Joint Unified School District**

<u>Fiscal Year</u> <u>July 1</u>	<u>Yuba County</u> <u>Assessed Value</u>	<u>Percent</u> <u>of Total</u>	<u>Butte County</u> <u>Assessed Value</u>	<u>Percent</u> <u>of Total</u>	<u>Total</u> <u>Assessed Value</u>
2005 -06	\$2,873,035,926	98.8%	\$35,449,300	1.2%	\$2,908,485,226
2006 -07	3,519,009,264	98.9%	39,598,651	1.1%	3,558,607,915
2007 -08	3,943,040,653	98.9%	42,346,113	1.1%	3,985,386,766
2008 -09	3,919,845,628	98.8%	45,954,340	1.2%	3,965,799,968
2009 -10	3,673,680,575	98.7%	46,739,353	1.3%	3,720,419,928
2010 -11	3,479,061,021	98.7%	46,750,797	1.3%	3,525,811,818
2011 -12	3,419,891,208	98.7%	45,379,416	1.3%	3,465,270,624
2012 -13	3,342,586,053	98.7%	44,782,421	1.3%	3,387,368,474
2013 -14	3,390,040,259	98.8%	42,022,984	1.2%	3,432,063,243
2014 -15	3,530,006,355	98.8%	42,744,286	1.2%	3,572,750,641

Source: Yuba County Auditor/Controller and Butte County Auditor-Controller.

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Shown in the following table is a distribution of taxable real property located in the District by principal purpose for which the land is used along with the local secured assessed valuation (excludes homeowners' exemption) and number of parcels for each use for fiscal year 2014-15.

### Assessed Valuation and Parcels by Land Use Marysville Joint Unified School District

	2014-15 <u>Assessed Valuation<sup>1</sup></u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<b>Non-Residential</b>				
Agricultural/Rural	\$467,195,618	13.79%	1,838	7.22%
Commercial/Office	246,001,021	7.26	531	2.08
Vacant Commercial	22,677,815	0.67	232	0.91
Industrial	160,127,066	4.73	150	0.59
Vacant Industrial	7,576,062	0.22	78	0.31
Recreational	13,649,185	0.40	19	0.07
Government/Social/Institutional	11,774,450	0.35	1,235	4.85
Miscellaneous	<u>21,551,211</u>	<u>0.64</u>	<u>78</u>	<u>0.31</u>
Subtotal Non-Residential	\$950,552,428	28.06%	4,161	16.34%
<b>Residential</b>				
Single Family Residence	\$1,931,095,960	57.00%	14,114	55.41%
Condominium/Townhouse	11,335,200	0.33	238	0.93
Mobile Home	194,949,962	5.75	2,497	9.80
Mobile Home Park	20,058,564	0.59	29	0.11
Hotel/Motel	12,589,046	0.37	13	0.05
2-4 Residential Units	39,010,400	1.15	375	1.47
5+ Residential Units/Apartments	96,864,929	2.86	199	0.78
Miscellaneous Residential	16,037,428	0.47	221	0.87
Vacant Residential	<u>115,313,631</u>	<u>3.40</u>	<u>3,623</u>	<u>14.22</u>
Subtotal Residential	\$2,437,255,120	71.94%	21,309	83.66%
<b>Total</b>	<b>\$3,387,807,548</b>	<b>100.00%</b>	<b>25,470</b>	<b>100.00%</b>

<sup>1</sup>Local secured assessed valuation: excludes tax-exempt property.  
Source: California Municipal Statistics, Inc.

#### Largest Taxpayers in District

The 20 taxpayers in the District with the greatest combined secured assessed valuation of taxable property on the 2014-15 tax roll own property that comprises 7.0% of the local assessed valuation of secured property in the District. These taxpayers, ranked by aggregate assessed value of taxable property as shown on the 2014-15 secured tax roll, and the amount of each owner's assessed valuation for all taxing jurisdictions within the District, are shown in the following table.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and their ability or willingness to pay property taxes. In 2014-15, no single taxpayer owned more than 0.8% of the total secured taxable property in the District.

Each taxpayer listed is a unique name on the tax rolls. The District cannot determine from assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

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# Largest Taxpayers Marysville Joint Unified School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total<sup>1</sup></u>
1.	Western Aggregates Inc.	Industrial – Mining	\$25,405,921	0.75%
2.	Hampac LLC	Office Building	21,000,001	0.62
3.	Airport Ranch Co	Agricultural	17,104,310	0.50
4.	Wal-Mart Real Estate Business Trust	Shopping Center	16,323,880	0.48
5.	Recology Yuba Sutter	Waste Management	15,093,177	0.45
6.	Fellowship of Friends Inc.	Agricultural	13,303,080	0.39
7.	Naumes Inc.	Agricultural	12,774,019	0.38
8.	Nordic Industries Inc.	Light Industrial	12,386,775	0.37
9.	R. B. Satori LP	Agricultural	10,621,831	0.31
10.	California Water Service Company	Water Company	9,378,634	0.28
11.	James J. Hill, III	Agricultural	9,172,423	0.27
12.	Sarbjit S. and Prabhjot Johl	Agricultural	9,153,196	0.27
13.	Thomas L. and Diana L. Bloxham	Apartments	8,907,952	0.26
14.	Soper Company	Forest Products	8,596,016	0.25
15.	La Paloma Apartments LLC	Apartments	8,342,400	0.25
16.	L. J. Rice Farms LLC	Agricultural	8,303,423	0.25
17.	Feather River Center LLC	Commercial	8,176,252	0.24
18.	Shintaffer Farms Inc.	Food Processing	8,099,652	0.24
19.	Farmland Reserve Inc.	Agricultural	7,688,675	0.23
20.	Triangle Properties Inc.	Industrial – Mining	<u>7,699,190</u>	<u>0.23</u>
		Total	\$237,530,807	7.01%

<sup>1</sup> 2014-15 local secured assessed valuation: \$3,387,807,548  
Source: California Municipal Statistics, Inc.

## Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends in large part on the net assessed value of taxable property in that year. (Unsecured property is taxed at the secured property tax rate from the prior year.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the net assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.



One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates per \$100 of assessed value for the last several years in a typical tax rate area of the District (TRA 001-001). TRA 001-001 comprises approximately 12.3% of the total assessed value of taxable property in the District.

Typical Total Tax Rates  
TRA 001-001  
Marysville Joint Unified School District

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General	1.000000	1.000000	1.000000	1.000000	1.000000
Marysville Joint Unified School District	0.110876	0.113709	0.119548	0.119795	0.121717
Yuba Joint Community College District	<u>0.014495</u>	<u>0.025099</u>	<u>0.024707</u>	<u>0.027423</u>	<u>0.025002</u>
Total	1.125371	1.138808	1.144255	1.147218	1.146719

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment

For counties that have approved its implementation, the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") authorized by sections 4701 through 4717 of the State's Revenue & Taxation Code guarantees distribution of 100% of the *ad valorem* taxes and assessments levied to the taxing entities within the county, with the county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections. The purpose of using the Teeter Plan is to simplify the tax-levying and tax-apportioning process and to provide increased flexibility to counties in the use of available cash resources.

The county cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus 1% of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the county's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the county board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The county board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

While the County Board and the Board of Supervisors of Butte County have both approved implementation of the Teeter Plan, the County does not apply the Teeter Plan to school district general obligation bond tax levies. Consequently, for taxes levied in the County to pay debt service in the Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied. To determine a tax rate sufficient pay debt service on the Bonds each year, the County assumes a certain level of delinquencies. The County has historically used a 10% delinquency rate assumption to calculate tax rates. The County may adjust the delinquency rate assumption depending upon economic conditions.

As long as the Teeter Plan remains in effect in Butte County, the District will be credited with the full amount of the Butte County tax levy no matter the delinquency rate within the portion of the District within Butte County.

#### Tax Collections and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complex web of statutory modifications enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer/tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent at 5:00 p.m. December 10, after which time a 10% penalty attaches. The second installment is due on February 1 and becomes delinquent at 5:00 p.m. April 10, after which time a 10% penalty attaches. If taxes remain unpaid by 5:00 p.m. June 30, the tax is deemed to be in default and a \$30.00 redemption fee is immediately added and the delinquent bill accrues penalties of 1.5% per month until paid. After five years, the county treasurer/tax collector has the power to sell tax-defaulted property that is not redeemed.

Annual bills for property taxes on the unsecured roll are mailed no later than August 1. Taxes on the unsecured roll as of July 31, if unpaid are delinquent at 5:00 p.m. on August 31, and thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured roll after July 31, if unpaid are delinquent and subject to a penalty of 10% at 5:00 p.m., or the close of business, whichever is later, on the last day of the month succeeding the month of enrollment.

#### Direct and Overlapping Bonded Debt

*The statement of direct and overlapping bonded debt relating to the District, which is set forth on the following page, was prepared by California Municipal Statistics, Inc. It has been included for general information purposes only. The District has not reviewed the statement for completeness or accuracy and makes no representations in connection with the statement.*

Contained within the District's boundaries are numerous overlapping local entities providing public services. These local entities may have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. The first column in the table names each public agency which has outstanding debt as of October 1, 2014, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

In addition, property owners within the District may be subject to other special taxes and assessments levied by other taxing authorities that provide services within the District. Such non-*ad valorem* special taxes and assessments (which are not levied to fund debt service) are not represented in the statement of direct and overlapping bonded debt.

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Statement of Direct and Overlapping Bonded Debt (As of October 1, 2014)  
Marysville Joint Unified School District

2014-15 Assessed Valuation: \$3,572,750,641

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable <sup>1</sup></u>	<u>Debt 10/1/14</u>
Yuba Joint Community College District	13.686%	\$17,052,195
<b>Marysville Joint Unified School District</b>	<b>100.000</b>	<b>67,108,777 <sup>2</sup></b>
Yuba County Community Facilities District No. 2004-1	100.000	11,450,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$95,610,972</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Butte County Certificates of Participation	0.234%	\$19,256
Butte County Pension Obligations	0.234	115,935
Yuba County General Fund Obligations	75.787	29,697,136
Yuba County Board of Education Certificates of Participation	75.787	2,273,610
Yuba Joint Community College District General Fund Obligations	13.686	2,461,622
<b>Marysville Joint Unified School District</b>	<b>100.000</b>	<b>21,731,099</b>
City of Marysville General Fund Obligations	100.000	7,680,000
Linda Fire Protection District Certificates of Participation	67.240	369,820
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$64,348,478</b>
 <b>COMBINED TOTAL DEBT</b>		<b>\$159,959,450 <sup>3</sup></b>

Ratios to 2014-15 Assessed Valuation:

<b>Direct Debt (\$67,108,777)</b> .....	<b>1.88%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.68%
<b>Combined Direct Debt (\$88,839,876)</b> .....	<b>2.49%</b>
Combined Total Debt .....	4.48%

<sup>1</sup>Based on 2013-14 ratios.

<sup>2</sup>Excludes refunding general obligation bonds to be sold.

<sup>3</sup>Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.  
Source: California Municipal Statistics, Inc.

#### COUNTY OF YUBA INVESTMENT POOL

*This section provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information set forth under this section relating to the County Pool has been obtained from the Office of the Treasurer-Tax Collector of Yuba County. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained by contacting the Office of the Treasurer-Tax Collector, 915 8<sup>th</sup> Street, Suite 103, Marysville, CA 95901, telephone (530) 749-7840, facsimile telephone (530) 749-7844.*

The County Pool provides a vehicle for the investment of funds of the County and school districts, special districts and cities located within the County. State law requires that the County and certain local agencies in the County, including school districts, deposit funds in the County Pool (the "Involuntary Depositors"); certain other agencies, such as cities, voluntarily make deposits in the County Pool (the "Voluntary Depositors", together with the Involuntary Depositors, the "Depositors"). The County Pool does not accept funds of any agencies residing outside the County. Depositors have an individual interest in all assets and investments in the County Pool based upon the amount deposited. All interest, income, gains and losses are distributed to Depositors based upon their average daily balance.

The Treasurer is responsible for the investment of all moneys deposited into the County Pool. The Yuba County Investment Policy (the "County Investment Policy") allows for purchase of those securities authorized by various sections of the State Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit, repurchase agreements,

medium term corporate notes, shares of beneficial interests in diversified management companies (mutual funds), asset-backed securities, and pass-through securities.

The County Investment Policy places additional restrictions on the purchase of securities authorized by law in order to maintain and preserve the safety, liquidity, availability, and yield of the County Pool. The current County Investment Policy was provided to the County Board in \_\_\_\_\_. A copy of the County Investment Policy is set forth in "APPENDIX D" to this Official Statement.

For the month of June 30, 2014, the County Pool had an effective rate of return (not including passbook/checking investments) of \_\_\_\_% with an average daily balance of \$\_\_\_\_\_. The statistics of the County Pool are set forth in the following table.

### Statistics of the Yuba County Investment Pool As of June 30, 2014

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[TO COME]

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Source: Yuba County Treasurer-Tax Collector.

Any net unrealized loss in the County Pool will not be realized unless the securities whose market values have declined are sold prior to maturity. It is the County's practice to hold securities in the County Pool to maturity (unless a gain would be realized on the sale of such securities). Should it become necessary to sell any securities prior to their maturity due to unanticipated circumstances, the County believes that a sufficient portion of all funds is always invested in securities easily sold or converted to cash in a timely manner. The County believes that the investments in the County Pool are scheduled to mature at the times and in the amounts that are necessary to meet the expenditures of the Depositors and other scheduled withdrawals.

The professionals involved have made no independent investigation of the investments in the County Pool and have made no assessment of the current County Investment Policy. There can be no assurances that the investments in the County Pool will not vary significantly from the investments described herein. In addition, the value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described herein.

### COUNTY ECONOMIC PROFILE

*The information in this section concerning the County economy is provided as supplementary information only, and is not intended to be an indication of security for the Bonds. The Bonds are 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 County and Butte County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

#### General Information

The boundaries of the District cover an area of approximately 1,700 square miles of the central and northern portion of the County and a portion of Butte County. The County is located approximately thirty miles north of the State capital of Sacramento. The city of Marysville in the northern part of gold rush country is the County seat.

Based on data compiled by DataQuick Information Systems, the median sale price of a single-family home in the County was \$202,500 in August 2014, an increase of approximately 9.4% from \$185,000 in August 2013. The median sale price of a single-family home in the City of Marysville was \$200,000 in August 2014, an increase of approximately 33.3% from \$150,000 in August 2013.

#### Population

The following table displays actual population as of April 1, 2010 from the U.S. census and estimated population data as of January 1<sup>st</sup> for the past four years for the County and the City of Marysville.

#### Historical Population Yuba County and the City of Marysville

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Yuba County	72,155	72,316	72,642	73,278	73,682
City of Marysville	12,072	12,098	12,108	12,224	12,266

Source: State Department of Finance

#### County Unemployment

The following table contains a summary of the County's unemployment data, seasonally unadjusted, rounded to the nearest hundred.

#### Historical Unemployment Data Yuba County

	<u>Annual 2010</u>	<u>Annual 2011</u>	<u>Annual 2012</u>	<u>Annual 2013</u>	<u>July 2014<sup>1</sup></u>
Labor Force	28,000	27,800	27,800	27,100	27,400
Number of Employed	22,600	22,700	23,100	23,300	23,900
Number of Unemployed	5,400	5,100	4,700	3,800	3,500
Unemployment Rate	19.2%	18.4%	16.9%	14.0%	12.7%

<sup>1</sup>Preliminary

Source: State Employment Development Department.

The following table contains a summary of the City of Marysville's unemployment data, seasonally unadjusted, rounded to the nearest hundred.

### Historical Unemployment Data City of Marysville

	<u>Annual 2010</u>	<u>Annual 2011</u>	<u>Annual 2012</u>	<u>Annual 2013</u>	<u>July 2014<sup>1</sup></u>
Labor Force	6,400	6,400	6,400	6,300	6,400
Number of Employed	5,400	5,400	5,500	5,500	5,700
Number of Unemployed	1,000	1,000	900	700	700
Unemployment Rate	16.3%	15.6%	14.3%	11.8%	10.7%

<sup>1</sup>Preliminary

Source: State Employment Development Department.

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## Major Employers

The following table provides a listing of 25 major employers in the County, listed alphabetically.

### Major Employers Yuba County

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Appeal Democrat	Marysville	Newspapers (Publishers/Mfrs)
Beale Air Force Base	Beale AFB	Military Bases
Bishop's Pumpkin Farm	Wheatland	Fruits & Vegetables & Produce-Retail
Comprehensive Security Svc Inc	Marysville	Security Guard & Patrol Service
Golden West Aviation Assn Inc	Marysville	Organizations
Haycart Custom Farming Inc	Plumas Lake	Farming Service
Linda Elementary School	Marysville	Schools
Lindhurst High School	Olivehurst	Schools
Lone Tree School Kitchen	Beale AFB	Schools
Marysville Care & Rehab Ctr	Marysville	Nursing & Convalescent Homes
Marysville School District	Marysville	Schools
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Recology Yuba-Sutter	Marysville	Garbage Collection
Richard R Wilbur Ranch	Marysville	Ranches
Rideout Regional Medical Ctr	Marysville	Hospitals
Shoei Foods USA Inc	Olivehurst	Food Products-Retail
Sierra Kiwi Inc	Marysville	Fruits & Vegetables-Growers & Shippers
Transportation Department	Marysville	State Government-Transportation Programs
Transportation Dept-Equipment	Marysville	State Government-Transportation Programs
US Post Office	Marysville	Post Offices
Walmart Supercenter	Marysville	Department Stores
Yuba County Health & Human Svc	Marysville	County Government-Social/Human Resources

Source: State Employment Development Department, America's Labor Market information System (ALMIS) Employer Database, 2014 2<sup>nd</sup> Edition

## Taxable Sales

Total taxable sales reported during the calendar year 2012 in Yuba County were reported to be \$486,296,000, a 0.8% increase from the total taxable sales of \$428,565,000 reported during calendar year 2011. Data for calendar year 2013 are not yet available.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions (roundest to the nearest thousand) in Yuba County is presented in the following table.

#### Taxable Retail Sales Yuba County

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales Tax Permits	1,352	1,238	1,255	1,215	1,199
Taxable Sales (000's)	\$514,706	\$428,141	\$433,699	\$482,565	\$486,296

Source: State Board of Equalization.

Total taxable sales reported during the calendar year 2012 in the City of Marysville were reported to be \$170,649,000, a 2.3% increase from the total taxable sales of \$166,805,000 reported during calendar year 2011. Data for calendar year 2013 are not available.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions (roundest to the nearest thousand) in the City of Marysville is presented in the following table.

#### Taxable Retail Sales City of Marysville

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales Tax Permits	370	340	348	356	336
Taxable Sales (000's)	\$178,195	\$132,838	\$146,451	\$166,805	\$170,649

Source: State Board of Equalization.

### THE DISTRICT

*The information in this section concerning the operations of the District and its finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are 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 County and Butte County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

#### General Information

The District, a political subdivision of the State, was organized in 1965 under the authority of a majority vote of the qualified electors residing within thirteen area school districts who elected to unify said school districts into a unified school district. The District provides elementary and secondary education to the general public residing in and around the City of Marysville and within certain portions of the unincorporated area of the County of Yuba. The District operates fourteen elementary schools, three intermediate schools, two comprehensive high schools, two alternative high schools, one alternative K-12 school, a charter school for the arts for grades 7-12, and preschool and day care centers. The boundaries of the District cover an area of approximately 1,700 square miles of central and northern Yuba County and a small portion of Butte County.

#### The District Board of Trustees and Key Administrative Personnel

The District Board governs all activities related to public education within the jurisdiction of the District. The District Board has the 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 District Board consists of seven members. Each District Board member is elected by the public for a four-year term of office. Elections for the District Board are held every two years, alternating between three and four positions available. A president of the District Board is elected by members each year.

The current members of the District Board, together with their office and the date their term expires, are set forth in the following table.

**Board of Trustees  
Marysville Joint Unified School District**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Frank J. Crawford	President	November 2014
Bernard P. Rechs	Vice President	November 2016
Anthony J. Dannible	Clerk	November 2016
Jim C. Flurry	Trustee Representative	November 2016
Jeff D. Boom	Member	November 2014
Philip R. Miller	Member	November 2014
Glen E. Harris	Member	November 2016

The Superintendent of the District is appointed by the District Board and reports to the District Board. The Superintendent is responsible for managing the District's day-to-day operations and supervising the work of other key District administrators. The current members of the District's administration and positions held are set forth on page "iv" of this Official Statement.

Enrollment

Student enrollment determines to a large extent the amount of funding a State public school district receives for program, facilities and staff needs. Average daily attendance ("ADA") is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. See "STATE FUNDING OF PUBLIC EDUCATION" herein.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs.

Set forth in the following table is the historical and budgeted ADA for the District (excluding adult education) as of the second period report ("P-2"), the last day of the last full attendance month concluding prior to April 15. P-2 ADA is used by the State as the basis for State apportionments.

**Average Daily Attendance  
Marysville Joint Unified School District**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15*</u>
P-2 ADA	8,851	8,808	8,758	8,755	8,755

\*Budgeted.

Charter Schools

There are three charter schools operating within the District—the Marysville Charter Academy for the Arts, Paragon Collegiate Academy Charter School and the Yuba Environmental Science Charter Academy. Marysville Charter Academy for the Arts

serves grades seven through twelfth, with fiscal year 2013-14 enrollment of approximately 380 students. Marysville Charter Academy for the Arts is fiscally dependent on the District, and its financial activities are presented in the District's financial statements under the Charter School Fund (see "APPENDIX A" herein). Paragon Collegiate Academy Charter School serves grades kindergarten through eighth, with fiscal year 2013-14 enrollment of approximately 140 students. Paragon Collegiate Academy Charter School is fiscally independent of the District—its financial activities are not presented in the District's financial statements. Yuba Environmental Science Charter Academy serves grades kindergarten through eighth, with fiscal year 2013-14 enrollment of approximately 100 students. Yuba Environmental Science Charter Academy is also fiscally independent of the District—its financial activities are not presented in the District's financial statements.

To the extent charter schools draw students from school district schools and reduce school district enrollment, charter schools can adversely affect school district revenues. However, certain per-pupil expenditures of a school district also decrease based upon the number of students enrolled in charter schools. Pursuant to Proposition 39, school districts are required to provide facilities comparable to those provided to regular district students for charter schools having a projected average daily attendance of at least 80 or more students from that district.

#### Pupil-Teacher Ratios

Set forth below are the pupil-to-teacher ratios of the District in fiscal year 2013-14.

#### Pupil-to-Teacher Ratios Marysville Joint Unified School District

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<u>Level</u>	<u>Pupil-Teacher Ratio</u>
Kindergarten – Third Grade	23.3 : 1
Fourth – Eighth Grade	26.0 : 1
Ninth – Twelfth Grade	22.1 : 1

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#### Employee Relations

State 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 four recognized bargaining agents for its employees. The Marysville Unified Teachers' Association represents all non-management certificated staff, and the California School Employees Association #326 and #648 and the Operating Engineers Local #3 represent non-management classified employees.

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Set forth in the following table are the District's bargaining units, number of full-time equivalent ("FTEs") budgeted for fiscal year 2014-15, and contract expiration date.

**Bargaining Units, Number of Employees and Contract Status  
Marysville Joint Unified School District**

<u>Certificated</u>	<u>Full-Time Equivalents</u>	<u>Contract Expiration Date</u>
Marysville Unified Teachers' Association	440.5	June 30, 2014
California School Employees Association #328 and #648	119.0	June 30, 2015 and June 30, 2016 respectively
Operating Engineers Local #3	286.8	June 30, 2014

The District has budgeted for fiscal year 2014-15 an additional 66.2 management and confidential FTEs not represented by a bargaining unit.

Pension Plans

All full-time employees of the District are eligible to participate under defined benefit retirement plans maintained by agencies of the State. Certificated employees are eligible to participate in the cost-sharing multiple-employer State Teachers' Retirement System ("STRS"). Classified employees are eligible to participate in the agent multiple-employer Public Employees' Retirement Fund of the Public Employees' Retirement System ("PERS"), which acts as a common investment and administrative agent for participating public entities within the State.

STRS operates under the State Education Code sections commonly known as the State Teachers' Retirement Law. Membership is mandatory for all certificated employees of State public schools meeting the eligibility requirements. STRS provides retirement, disability and death benefits based on an employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 55. Except as required for employees hired after January 1, 2013, STRS contribution rates are established by the State legislature. The current contribution requirement for active plan members with an enrollment date prior to January 1, 2013 is 8.0% of salary. For active plan members with an enrollment date on or after January 1, 2013, the contribution rate is at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary. Because STRS contribution rates are established by statute, unlike typical defined benefit programs, the District's contribution rate does not vary annually to make up funding shortfalls or assess credits based on actuarial determinations. The contribution requirement for the District was 8.25% of salary in fiscal year 2013-14. The District's contribution to STRS was \$2,849,452 for fiscal year 2012-13, was \$2,864,013 (unaudited) for fiscal year 2013-14, and is budgeted to be \$3,354,293 for fiscal year 2014-15.

All full-time classified employees of the District participate in PERS, which provides retirement, disability and death benefits based on an employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by State statute and District resolution. Active plan members with an enrollment date prior to January 1, 2013 are required to contribute 7.0% of their salary, while active plan with an enrollment date on or after to January 1, 2013 are required to contribute 6.0% of their salary. The District is required to contribute an actuarially determined rate (11.442% in fiscal year 2013-14). The District's contribution to PERS was \$1,567,405 for fiscal year 2012-13, was \$1,678,142 (unaudited) for fiscal year 2013-14, and is budgeted to be \$1,698,170 for fiscal year 2014-15.

Both STRS and PERS have substantial State-wide unfunded liabilities. The amount of these liabilities will vary depending on actuarial assumptions, returns on investment, salary scales and participant contributions. The fiscal year 2014-15 State budget plans to eliminate the estimated \$74.4 billion unfunded STRS liability over a period of approximately 30 years through a combination of State funding and increased school district and teacher payments. Teacher contributions increase from 8% to up to 10.25% of pay phased in through fiscal year 2016-17, school district and community college district contributions increase from 8.25% to 19.1% of eligible pay phased in through fiscal year 2020-21, and State contributions increase by 4.311% by fiscal year 2016-17 (see "STATE FUNDING OF PUBLIC EDUCATION—The 2014-15 State Budget" herein).

The District is unable to predict future amount of State pension liabilities and amount of required District contributions. Pension plan, annual contribution requirements and liabilities are more fully described in "APPENDIX A – THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2013."

#### Other Post-Employment Benefits

In addition to the pension benefits described above, the District provides postemployment health care benefits (known as "other post-employment benefits, or "OPEB"), in accordance with District employment contracts, to retirees meeting certain eligibility requirements. The District provides OPEB through its Retired Employees Healthcare plan, which provides medical and dental insurance benefits to eligible retirees, their spouses and if applicable, dependents.

Governmental Accounting Standards Board ("GASB") Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions ("GASB 45") requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits, in order to quantify a government agency's current liability for future benefit payments. GASB 45 is directed at quantifying and disclosing OPEB obligations, and does not impose any requirement on public agencies to fund such obligations.

The District completed an actuarial study assessing the District's OPEB liability as of February 1, 2014. Based on the study, the District's actuarial accrued liability (the "AAL"), which can also be considered to be the present value of all benefits earned to date assuming that an employee accrues retiree healthcare benefits ratably over his career, was \$13,597,093. The AAL is an actuarial estimate that depends on a variety of assumptions about future events, such as health care costs and beneficiary mortality. Every year, active employees earn additional future benefits, an amount known as the "normal cost," which is added to the AAL. The remaining unamortized balance of the initial unfunded AAL (the "UAAL") was \$17,154,848, leaving a residual AAL of negative \$3,557,755.

The annual required contribution ("ARC") is the amount required if the District were to fund each year's normal cost plus an annual amortization of the unfunded and residual actuarial accrued liability, assuming a 30-year funding period. As of February 1, 2014, the ARC was determined to be \$1,782,726.

The District funds its OPEB liability on a "pay-as-you go" basis. In fiscal year 2013-14, the District paid \$1,087,181 in OPEB.

See "APPENDIX A—THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2013" for additional information regarding the District's OPEB.

#### DISTRICT FINANCIAL INFORMATION

*The information in this section concerning the operations of the District and its finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are 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 County and Butte County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

#### Accounting Practices

The District accounts for its financial transactions in accordance with the policies and procedures of the State Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The District's financial statements consist of government-wide statements and fund-based financial statements. Government-wide statements, consisting of a statement of net assets and a statement of activities, report all the assets, liabilities, revenue and expenses of the District and are accounted for using the economic resources measurement focus and accrual basis of accounting.

The fund-based financial statements consist of a series of statements that provide information about the District's major and non-major funds. Governmental funds, including the District's General Fund, special revenues funds, capital project funds and debt service funds, are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, while expenditures are recognized in the period in which the liability is incurred, if measurable. Proprietary funds and fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. See "NOTE 1" in "APPENDIX A" herein for a further discussion of applicable accounting policies.

The independent auditor for the District is Crowe Horwath LLP, Sacramento, California (the "Auditor"). Selected information concerning the financial statements of the District as of and for the year ended June 30, 2013, are set forth in "APPENDIX A" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not performed any subsequent events review or other procedures relative to these audited financial statements since the date of its letter.

#### Budget and Financial Reporting Process

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as federal and State school apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District is required by provisions of the State Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting format for school districts.

The fiscal year for all State school districts is July 1 to June 30. The same calendar applies to the budgets of county offices of education, except that their budgets and reports are reviewed by the State Superintendent of Public Instruction. The State budget is extremely important input in State school district budget preparation since many school districts depend on State funding for a substantial portion of their revenue. There is very close timing between final approval of the State budget (legally required by June 15), the associated school finance legislation, and the adoption of local school district budgets. In some years, the State budget is not approved by the legal deadline which forces school districts to begin the new fiscal year with only estimates of the amount of funding they will actually receive.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A school district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the school district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the school district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to State Education Code section 42127.1. Until a school district's budget is approved, the school

district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

The filing status of the District's interim reports for the past five years appears below.

**Certifications of Interim Financial Reports  
Marysville Joint Unified School District**

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<u>Fiscal year</u>	<u>First Interim</u>	<u>Second Interim</u>
2009-10	Positive	Qualified
2010-11	Positive	Positive
2011-12	Positive	Positive
2012-13	Positive	Positive
2013-14	Positive	Positive

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Financial Statements

Figures presented in summarized form herein have been gathered from the District's financial statements. The audited financial statements of the District for the fiscal year ending June 30, 2013, have been included in the appendix to this Official Statement. See "APPENDIX A" herein. Audited financial statements and other financial reports for prior fiscal years are on file with the District and available for public inspection during normal business hours. Copies of financial statements relating to any year are available to prospective investors and or their representatives upon request by contacting the District at the address and telephone number set forth on page "iv" of this Official Statement, or by contacting the District's financial advisor, Government Financial Strategies inc., 1228 "N" Street, Suite 13, Sacramento, California, 95814-5609, Tel. (916) 444-5100.

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The following illustration sets forth the District's audited General Fund balance sheet data for fiscal years 2009-10 through 2012-13.

**General Fund Balance Sheet**  
**Marysville Joint Unified School District**

	2009-10	2010-11	2011-12	2012-13
	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
<b>ASSETS</b>				
Cash and Investments	\$3,772,572	\$1,841,501	\$408,049	\$110,432
Receivables	13,134,531	15,576,734	18,806,111	13,861,598
Due from Other Funds	342,777	618,004	341,254	176,489
Stores Inventory	<u>330,491</u>	<u>305,909</u>	<u>315,356</u>	<u>273,483</u>
<b>TOTAL ASSETS</b>	<b>\$17,580,371</b>	<b>\$18,342,148</b>	<b>\$19,870,770</b>	<b>\$14,422,002</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$6,471,266	\$6,146,253	\$7,456,686	\$3,300,004
Unearned Revenue	1,704,285	1,188,466	795,085	87,464
Due to Other Funds	<u>0</u>	<u>991</u>	<u>326,762</u>	<u>3,830</u>
<b>Total Liabilities</b>	<b>\$8,175,551</b>	<b>\$7,335,710</b>	<b>\$8,578,533</b>	<b>\$3,391,298</b>
<b>Fund Balances</b>				
Non-spendable	\$360,491	\$335,909	\$345,356	\$303,483
Restricted	3,021,509	1,504,529	1,941,441	1,966,329
Assigned	0	798,119	694,681	1,100,701
Unassigned	<u>6,022,820</u>	<u>8,367,881</u>	<u>8,310,759</u>	<u>7,660,191</u>
<b>Total Fund Balances</b>	<b>\$9,404,820</b>	<b>\$11,006,438</b>	<b>\$11,292,237</b>	<b>\$11,030,704</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$17,580,371</b>	<b>\$18,342,148</b>	<b>\$19,870,770</b>	<b>\$14,422,002</b>

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The following illustration sets forth audited District's General Fund activity for fiscal years 2010-11 through 2012-13, unaudited activity for fiscal year 2013-14, and budgeted activity for fiscal year 2014-15.

**General Fund Activity**  
**Marysville Joint Unified School District**

	<u>2010-11</u> <u>Audited</u>	<u>2011-12</u> <u>Audited</u>	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Unaudited</u>	<u>2014-15</u> <u>Budgeted</u>
BEGINNING BALANCE	\$9,404,820	\$11,006,438	\$11,292,237	\$11,030,704	\$13,210,849
REVENUES					
Revenue Limit/LCFF	\$49,554,531	\$48,412,487	\$46,291,611	\$62,084,576	\$69,631,439
Federal Revenue	12,733,287	11,041,423	9,555,109	6,598,714	6,147,864
Other State Revenues	14,369,020	15,610,854	15,270,551	6,145,982	3,896,103
Other Local Revenues	<u>5,466,685</u>	<u>5,577,103</u>	<u>4,351,365</u>	<u>4,947,979</u>	<u>4,239,366</u>
TOTAL REVENUES	\$82,123,523	\$80,641,867	\$75,468,636	\$79,777,251	\$83,914,772
EXPENDITURES					
Certificated Salaries	\$35,490,052	\$35,712,212	\$34,484,544	\$34,269,693	\$35,025,730
Classified Salaries	12,695,111	12,605,616	12,856,411	13,508,026	13,579,363
Employee Benefits	15,942,971	15,939,866	15,433,961	15,340,113	15,783,375
Books and Supplies	5,467,536	4,750,989	4,797,146	4,291,952	6,338,485
Services and Other Operating Exp.	7,527,316	8,226,455	7,722,262	7,798,621	8,553,043
Capital Outlay	538,237	269,364	166,570	372,433	98,616
Other Outgo	2,463,237	2,276,688	1,199,604	2,071,804	1,361,466
Debt Service	<u>633,425</u>	<u>955,917</u>	<u>193,691</u>	<u>n/a</u>	<u>n/a</u>
TOTAL EXPENDITURES	\$80,757,885	\$80,737,107	\$76,854,189	\$77,652,643	\$80,740,078
OTHER FINANCING SOURCES	\$235,980	\$381,039	\$1,124,020	\$55,537	(\$820,000)
NET INCREASE (DECREASE)	\$1,601,618	\$285,799	(\$261,533)	\$2,180,145	\$2,354,694
ENDING BALANCE	\$11,006,438	\$11,292,237	\$11,030,704	\$13,210,849	\$15,565,543

Revenues

The District categorizes its General Fund revenues into four primary sources: revenue limit / local control funding formula sources, federal revenues, other State revenues and other local revenues.

*Revenue Limit/Local Control Funding Formula.* Since fiscal year 1973-74, State school districts operated under general purpose revenue limits established by the State Legislature. In general, the State revenue limit for a school district was calculated by multiplying a "base revenue limit" per student by the school district's student enrollment measured in units of average daily attendance. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. However, the 2013-14 State Budget replaced the existing revenue limit allocation formula with a new formula, the "Local Control Funding Formula" or "LCFF." LCFF consolidates most categorical programs within the existing revenue limit structure to provide a new funding formula phased in over seven years, and implements supplemental and concentration grants to English learners and economically disadvantaged students. See "STATE FUNDING OF PUBLIC EDUCATION—Sources of Revenue for Public Education" and "—The 2013-14 State Budget" herein.



Revenue limit sources accounted for approximately 60.0% of General Fund revenues in fiscal year 2011-12, and 61.3% of General Fund revenues in fiscal year 2012-13. LCFF sources were 77.8% of General Fund revenues in fiscal year 2013-14 and are budgeted to account for 83.0% of General Fund Revenues in fiscal year 2014-15. LCFF revenues incorporate certain funding previously classified as other State revenues.

Set forth in the following table is the District's revenue limit funding per ADA for fiscal years 2010-11 through 2012-13 and LCFF funding per ADA for fiscal years 2013-14 and 2014-15.

**Revenue Limit / LCFF Funding per ADA  
Marysville Joint Unified School District**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15*</u>
Revenue Limit / LCFF Funding per ADA	\$5,216	\$5,182	\$5,239	\$7,007	\$7,949

\*Budgeted.

Funding of the District's revenue limit and LCFF is accomplished by a mix of a) local taxes (composed predominantly of property taxes, and including miscellaneous taxes and community redevelopment funds, if any) and b) State apportionments of basic and equalization aid. The majority of the District's revenue limit / LCFF funding comes from State aid.

*Federal Revenues.* The federal government provides funding for several District programs, including special education programs and specialized programs such as the No Child Left Behind Act. These federal revenues, most of which historically have been restricted, were approximately 12.7% of General Fund revenues in fiscal year 2012-13, were 8.3% of General Fund revenues in fiscal year 2013-14, and are budgeted to be 7.3% of General Fund revenues in fiscal year 2014-15.

*Other State Revenues.* In addition to apportionment revenues, the State provides funding for several District programs. While the majority of these other State revenues have historically been restricted, the State budget for fiscal year 2011-12 extended spending flexibility through 2014-15 for a variety of categorical programs. These other State revenues were approximately 20.2% of General Fund revenues in fiscal year 2012-13, were 7.7% of General Fund revenues in fiscal year 2013-14, and are budgeted to be 4.6% of General Fund revenues in fiscal year 2014-15. Included in other State revenues are proceeds received from the State from the State lottery.

*Other Local Revenues.* Revenues from other local sources were approximately 5.8% of General Fund revenues in fiscal year 2012-13, were 6.2% of General Fund revenues in fiscal year 2013-14, and are budgeted to be 5.1% of General Fund revenues in fiscal year 2014-15.

Expenditures

The largest components of a school district's general fund expenditures are certificated and classified salaries and employee benefits. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits. Even with no negotiated salary increases or changes in staffing levels, normal "step and column" advancements on the salary scale result in increased salary expenditures.

Employee salaries and benefits were approximately 81.7% of General Fund expenditures in fiscal year 2012-13, were 81.3% of General Fund expenditures in fiscal year 2013-14, and are budgeted to be 79.7% of General Fund expenditures in fiscal year 2014-15.

Short-Term Borrowings

The District has in the past issued short-term tax and revenue anticipation notes. Proceeds from the issuance of notes by the District during previous fiscal years have been used to reduce interfund dependency and to provide the District with greater overall efficiency in the management of its funds. Currently, the District has no notes outstanding. The District has never defaulted on any of its short-term borrowings.

### Capitalized Lease Obligations

The District has made use of various capital lease arrangements in the past under agreements that provide for title of items and equipment being leased to pass to the District upon expiration of the lease period. As of September 30, 2014, the District's capital lease obligations total \$930,525.

The District's outstanding certificates of participation as of September 30, 2014, are set forth in the following table.

#### Outstanding Certificates of Participation Marysville Joint Unified School District

<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding as of September 30, 2014</u>	<u>Debt Service in Fiscal Year 2014-15</u>
August 31, 2006	August 1, 2021	\$22,145,000	\$ 3,355,000	\$136,069
July 17, 2012	June 1, 2042	18,376,099	18,376,099	0

### Long-Term Borrowings

The District received authorization at the 2006 Election to issue \$37 million of general obligation bonds. On September 14, 2006, the County issued, on behalf of the District, the Series 2006 Bonds. On September 18, 2008, the District issued the Series 2008 Bonds. No authorization remains under the 2006 Election.

At an election held on November 4, 2008 (the "2008 Election"), the District received authorization to issue \$47 million of general obligation bonds. On August 25, 2009, the District issued approximately \$34.43 million of General Obligation Bonds, Election of 2008, Series 2009 (the "Series 2009 Bonds"). Approximately \$12.57 million of authorization under the 2008 Election remains unissued. The District does not have any plans to issue the remaining authorization under the 2008 Election in the near future.

The table below summarizes the District's outstanding long-term indebtedness.

#### Outstanding General Obligation Bonds Marysville Joint Unified School District

<u>Authorization</u>	<u>Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding as of September 30, 2014<sup>1</sup></u>	<u>Debt Service in Fiscal Year 2014-15</u>
2006 Election	Series 2006 <sup>2</sup>	August 1, 2031	\$18,000,000	\$16,130,000	\$712,674
2006 Election	Series 2008 <sup>3</sup>	August 1, 2033	\$19,000,000	\$17,775,000	\$1,046,696
2008 Election	Series 2009	August 1, 2036	\$34,433,777	\$33,968,777	\$1,771,656

<sup>1</sup> Excludes accreted interest on the capital appreciation bonds.

<sup>2</sup> To be refunded in whole by the Bonds.

<sup>3</sup> To be refunded in part by the Bonds.

The District has never defaulted on any of its long-term borrowings.

### CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES & EXPENDITURES

*Article XIII A of the California Constitution.* Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one

percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on: (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the bond proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash 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 under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by each county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

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

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

*Article XIII B of the California Constitution.* In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State, and each local government entity, has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In

the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

*Article XIIC and Article XIID of the California Constitution.* On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of school district general obligation bonds or to otherwise interfere with performance of the duty of a school district and the county with respect to such taxes. Legislation adopted in 1997 provides that Article XIIC 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 which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are restricted as to use.

The interpretation and application of Proposition 218 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.

*Proposition 98:* On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

*Proposition 111.* On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111"), which modified the State Constitution to alter the Article XIIB spending limit and the education

funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

**Treatment of Excess Tax Revenues.** "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

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

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

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

**Proposition 39:** On November 7, 2000, voters within the State approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds, and (2) changes existing statutory law regarding charter school facilities. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. The 55 percent vote requirement would apply only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure.

Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value. The Governor can change these limitations with a majority vote of both houses of the State Legislature and approval; unlike constitutional amendments, which may be changed only with another statewide vote of the people. The statutory

provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition.

*Proposition 1A.* On November 2, 2004, California voters approved Proposition 1A amending the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not reduce any local sales tax rates or alter the method of allocation, shift property taxes from local governments to schools or community colleges, make changes in how property taxes revenues are shared among local governments without two-thirds approval of both house of the State Legislature, and decrease vehicle license fees without providing local governments with equal replacement funding.

Under Proposition 1A, beginning in fiscal year 2008-09, the State may divert no more than eight percent of local property tax revenues for State purposes (including but not limited to funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency, (ii) two-thirds approval of both houses of the State Legislature, (iii) the amount diverted is required to be repaid within three years, and (iv) certain other conditions are met.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

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

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

community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

*Future Initiatives.* Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution and Propositions 98, 111, 39, 1A, 22 and 30 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce property or other tax revenues and adversely affect the revenues of the District or require additional expenditures.

## STATE FUNDING OF PUBLIC EDUCATION

*The information in this section concerning State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are 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 County and Butte County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds.*

### Revenue for Public Education

*Sources of Revenue.* Most school districts in the State receive a significant portion of their funding from State appropriations. The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES & EXPENDITURES"). As a result, changes in State revenues may affect appropriations made by the State to school districts. The State budget is required to be proposed by the Governor by January 10 and adopted by June 15 of each year (although the State often is late adopting the budget). In fiscal year 2012-13, State revenues accounted for approximately 57% of school district general fund revenues.

State revenue sources are supplemented with local property taxes, federal aid, local miscellaneous funds, and the State lottery. Property taxes are limited by the State Constitution to one percent of the value of property; property taxes may only exceed this limit to repay voter-approved debt. In fiscal year 2012-13, local property taxes accounted for approximately 27% of school district general fund revenues.

The federal government provides funding for several school district programs, including special education programs and specialized programs such as the No Child Left Behind Act and Drug Free Schools. In fiscal year 2012-13, federal revenues accounted for approximately 8% of school district general fund revenues.

Miscellaneous local revenue sources include items such as developer fees, parcel taxes, donations, lease revenues and interest income. Developer fees are fees that school districts can levy on new residential or commercial development within their boundaries to finance the construction or renovation of school facilities. A significant number of school districts have secured the required two-thirds approval from local voters to levy special taxes on parcels or residences and/or have won voter approval, with either a two-thirds vote or a 55% majority, to sell general obligation bonds or to establish special taxing districts for the construction of schools. Use of such taxes is restricted by law. School districts that still have unused school buildings or sites can lease or sell them for miscellaneous income as well. Many school districts also seek grants or contributions, sometimes channeled through private foundations established to solicit donations from local families and businesses. In fiscal year 2012-13, miscellaneous local sources accounted for approximately 7% of school district general fund revenues.

Approved by voters in late 1984, the State lottery generated approximately 1% of total school district general fund revenues in fiscal year 2012-13. Every three months, the State Lottery Commission calculates 34% of lottery proceeds for all public education institutions, the minimum according to the lottery law. Every K-14 school district receives the same amount of lottery funds per pupil from the State, which may be spent for any instructional purpose, excluding capital projects.

No other source of general purpose revenue is currently permitted for schools. Proposition 13 eliminated the possibility of raising additional *ad valorem* property taxes for general school support, and the courts have declared that fees may not be charged for school-related activities other than for busing services.

*The State Revenue Limit.* The State Revenue Limit was first instituted in 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district, community college district or county board of education is entitled to receive from State and local sources. Each school district has its own target amount of funding from State funds and local property taxes per average daily attendance. This target is known as revenue limit, and the funding from this calculation forms the bulk of school districts' income. The State Legislature usually grants annual cost-of-living adjustments ("COLAs") to revenue limits. The exact amount of the COLA depends on whether the school district is an elementary, high school or a unified school district.

*Local Control Funding Formula.* The 2013-14 State Budget replaced the existing revenue limit allocation formula with a new formula, the "Local Control Funding Formula" or "LCFF," which consolidates revenue limits and almost all categorical programs into a single formula. Under the LCFF, school districts receive:

- a base grant per unit of ADA in four grade spans;
- a supplemental grant for English learners, students from low-income families and foster youths;
- an additional concentration grant based on the number of English learners, students from low-income families and foster youths that exceeds 55% of enrollment;
- add-on funding equal to the amount of State aid received in fiscal year 2012-13 for two existing categorical programs; and,
- an economic recovery component to transition school districts to at or above pre-recession funding by fiscal year 2020-21.

See "STATE FUNDING OF PUBLIC EDUCATION— The 2013-14 State Budget" for more information.

Funding apportionments are calculated three times a year for each school district, community college district and county board of education. The first calculation is performed for the February 20<sup>th</sup> first principal apportionment (based on period 1 ADA determined in December), the second calculation for the June 25<sup>th</sup> second principal apportionment (based on period 2 ADA determined in April), and the final calculation for the end of the year annual apportionment (also based on period 2 ADA). Calculations are reviewed by the county and submitted to the State Department of Education with respect to school districts and to the Chancellor of the California Community Colleges with respect to community college districts, which, respectively, reviews the calculations for accuracy, calculates the amount of state aid owed to such school district or community college district, as the case may be, and notifies the State Controller of the amount, who then distributes the state aid.

School districts that receive their revenue limit/LCFF income entirely from property taxes are called "basic aid" school districts. These school districts are permitted to keep all their property tax money (even if it exceeds their calculated limit). As guaranteed in the State Constitution, the State must apportion \$120 per pupil to all school districts. However, the categorical aid that basic aid school districts receive counts toward this requirement. The District is not a basic aid district.

### The State Budget Process

*The information in this section has been compiled from publicly available information through the State Department of Finance and the State Legislative Analyst's Office. Neither the District nor the Underwriter assumes any responsibility for the accuracy of such information as set forth or incorporated by reference herein, although they believe that the information provided by the above-listed sources is reliable.*

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Proposed Budget"). Under State law, the annual Proposed Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Proposed Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each House of the State Legislature. The Constitution requires that the State Legislature pass the Budget Act by June 15. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the State Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the State Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.



Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

#### The 2013-14 State Budget

*The information in this section has been compiled from publicly available information through the State Department of Finance and the State Legislative Analyst's Office. Neither the District nor the Underwriter assumes any responsibility for the accuracy of such information as set forth or incorporated by reference herein, although they believe that the information provided by the above-listed sources is reliable.*

On June 27, 2013, the Governor signed the 2013-14 State Budget which reflects a significant improvement in the State's finances due to the economic recovery, prior budgetary restraint, and voters' approval of The Schools and Local Public Safety Protection Act.

The following table identifies historical and budgeted State general fund revenues and expenditures.

#### State General Fund 2013-14 State Budget

	2012-13 <u>Revised</u> (Millions)	2013-14 <u>Budget</u> (Millions)
Prior-year Fund Balance	(\$1,658)	\$872
Revenues and Transfers	<u>98,195</u>	<u>97,098</u>
Total Resources Available	\$96,537	\$97,970
Expenditures	<u>95,665</u>	<u>96,281</u>
Ending Fund Balances	\$872	\$1,689
Encumbrances	\$618	\$618
Reserve	\$254	\$1,071

Source: The State Legislative Analyst's Office.

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*Funding for Education.* The 2013-14 State Budget includes fiscal year 2013-14 Proposition 98 funding of \$56.5 billion, an increase of \$2.9 billion from revised fiscal year 2012-13 levels. The following table identifies historical and budgeted Proposition 98 funding.

**Proposition 98 Funding  
2013-14 State Budget**

	<u>2011-12</u> <u>Actual</u> (Millions)	<u>2012-13</u> <u>Revised</u> (Millions)	<u>2013-14</u> <u>Budget</u> (Millions)
Preschool	\$368	\$481	\$507
K-12 Education			
General Fund	\$29,317	\$36,195	\$34,693
Local Property Tax Revenue	<u>12,125</u>	<u>13,760</u>	<u>13,036</u>
Subtotal	\$41,443	\$49,955	\$48,628
California Community Colleges			
General Fund	\$3,279	\$3,701	\$3,742
Local Property Tax Revenue	<u>1,977</u>	<u>2,251</u>	<u>2,291</u>
Subtotal	\$5,256	\$5,951	\$6,033
Other Agencies	\$83	\$78	\$78
Unallocated	<u>0</u>	<u>0</u>	<u>35</u>
Total	\$47,149	\$56,465	\$55,281
General Fund	\$33,047	\$40,454	\$39,055
Local Property Tax Revenue	14,102	16,011	16,226

Source: The State Legislative Analyst's Office.

The 2013-14 State Budget replaces the existing revenue limit allocation formula with a new formula, the "Local Control Funding Formula" or "LCFF". The LCFF includes the following components:

- A base grant for each local education agency equivalent to \$7,643 per unit of average daily attendance (ADA). This amount includes an adjustment of 10.4% to the base grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in high schools.
- A 20-percent supplemental grant for English learners, students from low-income families, and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5% of a local education agency's base grant, based on the number of English learners, students from low-income families, and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF in fiscal year 2020-21.

In addition to implementation of the LCFF, significant K-12 funding adjustments include:

- *Common Core Implementation* — An increase of \$1.25 billion in one-time Proposition 98 funding to support the implementation of Common Core – new standards for evaluating student achievement in English-language arts and math.
- *Career Technical Education Pathways Grant Program* — An increase of \$250 million of Proposition 98 funding for one-time competitive capacity-building grants for K-12 school districts and community college to support programs focused on work-based learning.
- *K-12 Mandates Block Grant* — An increase of \$50 million in Proposition 98 funding to reflect the including of the graduation requirements mandate within the block grant program.
- *K-12 Deferrals* — An increase of \$1.6 billion million in Proposition 98 funding in fiscal year 2012-13 and an increase of \$242.3 million in Proposition 98 funding in fiscal year 2013-14 for the repayment of inter-year budgetary deferrals, reducing inter-year deferrals to \$5.6 billion by the end of fiscal year 2013-14.
- *Energy Efficiency Investments* — An increase of \$381 million in Proposition 98 funding to support energy efficiency projects

in schools consistent with Proposition 39.

- *Special Education* — The 2013-14 State Budget includes several consolidations for special education programs in an effort to simplify special education finance and provide special education local plan areas with additional funding flexibility.

#### The 2014-15 State Budget

*The information in this section has been compiled from publicly available information through the State Department of Finance and the State Legislative Analyst's Office. Neither the District nor the Underwriter assumes any responsibility for the accuracy of such information as set forth or incorporated by reference herein, although they believe that the information provided by the above-listed sources is reliable.*

On June 20, 2014, ten days before the beginning of the 2014-15 fiscal year, the Governor signed the 2014-15 State budget (the "2014-15 State Budget") and associated trailer bills.

*General Fund.* The following table from the State Department of Finance identifies budgeted State general fund revenues and expenditures.

#### State General Fund 2014-15 State Budget

	2013-14 <u>Revised</u> (Millions)	2014-15 <u>State Budget</u> (Millions)
Prior-year Fund Balance	\$2,429	\$3,903
Revenues and Transfers	<u>102,185</u>	<u>105,488</u>
Total Resources Available	\$104,614	\$109,391
Expenditures	<u>100,711</u>	<u>107,987</u>
Ending Fund Balances	\$3,903	\$1,404
Encumbrances	\$955	\$955
Economic Uncertainties Fund	\$2,948	\$449
Budget Stabilization Account	-	\$1,606

Source: The State Department of Finance.

The 2014-15 State Budget pays down more than \$10 billion balance in outstanding school and community college obligations by fiscal year 2017-18, including more than \$5 billion to reduce school and community college deferrals, paying off the Economic Recovery Bonds, repaying various special fund loans and funding \$100 million in mandate claims that have been owed to local governments since at least 2004. If State revenues rise higher than anticipated in the 2014-15 State Budget, the first call on additional funds will be for further debt payments — eliminating the remaining school deferrals (\$1 billion from Proposition 98) and local government mandate claims (\$800 million).

In addition, the 2014-15 State Budget plans to eliminate the \$74.4 billion unfunded STRS liability over a period of approximately 30 years through a combination of State funding and increased school district and teacher payments. For fiscal year 2014-15, the plan directs \$276 million in additional contributions from all three entities. Teacher contributions increase from 8% to up to 10.25% of pay phased in through fiscal year 2016-17, school district and community college district contributions increase from 8.25% to 19.1% of eligible pay phased in through fiscal year 2020-21, and State contributions increase by 4.311% by fiscal year 2016-17.

*Proposition 98.* The 2014-15 State Budget includes Proposition 98 funding of \$60.9 billion for fiscal year 2014-15, an increase of \$5.6 billion over the 2013-14 State Budget level. When combined with increases of \$4.4 billion in fiscal years 2012-13 and 2013-14, the 2014-15 State Budget provides \$10 billion increased investment in K-14 education.

*LCFF.* The majority of the proposed increase in Proposition 98 funding in fiscal year 2014-15 is allocated towards increasing LCFF funding by \$4.75 billion. The State Department of Finance estimates that the additional LCFF funding will close more than 29% of the remaining gap between the fiscal year 2013-14 funding level and the LCFF funding target for each school district.

*Potential Cap on School District Reserves.* AB 1463, a trailer bill passed in connection with the 2014-15 State Budget, requires a school district that proposes to adopt or revise a budget with a combined assigned and unassigned ending fund balance exceeding that school district's minimum reserve for economic uncertainties to provide, at a public hearing, a statement of reasons that substantiate the need for such balance, along with certain other information. Subject to the passage of California Proposition 44 (the "Budget Stabilization Fund Act") currently on the November 4, 2014 statewide ballot, AB 1463 also provides that, in any fiscal year immediately after a transfer is made by the State into the Public School System Stabilization Account, a new reserve fund for Proposition 98 that would be created by the Budget Stabilization Fund Act, a school district's adopted or revised budget shall be prohibited from containing a combined assigned and unassigned ending fund balance in excess of either two or three times that school district's minimum reserve for economic uncertainties. The respective county superintendent of schools would have the authority to waive the prohibition for up to two consecutive years in a three-year period if a school district provides documentation indicating that extraordinary fiscal circumstances substantiate the need for such balance.

#### Dissolution of Redevelopment Agencies

Until 2011, a city or county could create a redevelopment agency in territory within one or more school districts. Upon formation of a redevelopment agency "project area", property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as "tax increment") were allocated to the redevelopment agency, causing a loss of the 1% countywide property tax levy to other local taxing agencies, including school districts, from that time forward. However, special *ad valorem* property taxes in excess of the 1% property tax levy collected for payment of debt service on school district bonds are based on assessed valuation before reductions for redevelopment increment, and such special *ad valorem* property taxes are not affected or diverted by the operation of a redevelopment agency project area.

Any loss of local property taxes that contribute to the revenue limit target of a school district is made up by an increase in State equalization aid until the base revenue limit is reached. "Pass-through" payments of local tax revenues required by law to be paid to the school district by a local redevelopment agency will count toward the revenue limit, except for any portion dedicated to capital facilities or deferred maintenance.

On June 30, 2011, the Governor signed AB1X 26. AB1X 26 dissolved all redevelopment agencies in existence and designated successor agencies and oversight boards to satisfy the enforceable obligations of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. AB1X 1484, signed by the Governor on June 27, 2012, modified certain provisions enacted under AB1X 26.

Beginning February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved were instead deposited into a "redevelopment property tax trust fund" created and held for each former redevelopment agency by the related county auditor-controller. Amounts in the redevelopment property tax fund, after payment of the county auditor-controller administrative costs, are applied each January 2 and June 1 in the following priority:

- (i) to pay pass-through payments to affected tax entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided however that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor controller verifies such determination, pass-through payments that had previously been subordinated to debt service may be reduced;
- (ii) to the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six month period;
- (iii) to the former redevelopment agency's successor agency for payment of administrative costs; and
- (iv) to school entities and local taxing agencies any remaining balance.

The District projects it will receive approximately \$1.2 million in pass-through payments in fiscal year 2013-14. The District is unable to predict what affect the implementation of AB1X 26 and AB 1484 will have on the District's future receipt of tax increment revenues.

### Future Budgets

The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address 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. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the District.

For more information on the State Budget, please refer to the State Department of Finance's website at [www.dof.ca.gov](http://www.dof.ca.gov) and to the Legislative Analyst's Office's website at [www.lao.ca.gov](http://www.lao.ca.gov). The District takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of the information presented therein, and such information is not incorporated herein by such reference.

## LEGAL MATTERS

### No Litigation

There is no action, suit or proceeding known to be pending or threatened restraining or enjoining the sale and delivery of the Bonds, or in any way contesting or affecting the validity thereof or any proceeding of the District taken with respect to the issuance or sale of the Bonds, or the pledge or application of moneys or security provided for the payment of the Bonds, or the authority of the County to levy property taxes to pay principal of and interest on the Bonds when due.

### Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL."

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Bonds and to rendering the aforementioned opinion. Bond Counsel has not undertaken any responsibility for the accuracy, completeness, or fairness of this Official Statement and the opinion of Bond Counsel will not extend to any documents, agreements, representations, offering circulars, official statements or other material of any kind concerning the Bonds that are not referred to in the aforementioned opinion. The fees of Bond Counsel are contingent upon the issuance and delivery of the Bonds.

### Tax Matters

*The following discussion of federal income tax matters written to support the promotion and marketing of the Bonds was not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding federal tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

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 things, the accuracy of certain representations and compliance with certain covenants, the interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account when determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

The amount, if any, by which 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) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and which is exempt from 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 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, whether at original issuance or otherwise, for an amount greater than their principal amount payable on their respective maturity dates (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations the amount of tax exempt interest received, will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

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 covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. 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 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. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Resolution, the tax certificate to be entered into on the date of issuance of the Bonds (the "Tax Certificate"), and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation.

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.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and target audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds).

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### Legality for Investment

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

### RATING

Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of The McGraw-Hill Companies, Inc., has assigned a municipal bond rating of "\_\_\_" to the Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### FINANCIAL ADVISOR

Government Financial Strategies inc. has been employed by the District to perform financial advisory services in relation to the sale and delivery of the Bonds. Government Financial Strategies inc., in its capacity as financial advisor, has read and participated in drafting certain portions of this Official Statement. Government Financial Strategies inc. has not, however, independently verified nor confirmed all of the information contained within this Official Statement. Government Financial Strategies inc. will not participate in the underwriting of the Bonds. Fees charged by Government Financial Strategies inc. are not contingent upon the sale of the Bonds.

### INDEPENDENT AUDITORS

The financial statements of the District as of and for the year ending June 30, 2013, have been audited by Crowe Horwath LLP, Sacramento, California. The audited financial statements of the District as of and for the year ended June 30, 2013, are set forth in "APPENDIX A – THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDING JUNE 30, 2013" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not performed any subsequent events review or other procedures relative to these audited financial statements since the date of its letter. Complete copies of all past and current financial statements may be obtained from the District.

### UNDERWRITING AND INITIAL OFFERING PRICE

The Bonds were sold to the Underwriter pursuant to a bond purchase agreement by and among the District and the Underwriter for \$\_\_\_\_\_, an amount equal to the principal amount of the Bonds, plus an original issue premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_, at a true interest cost (TIC%) to the District of \_\_\_\_\_%.

The Underwriter has certified the initial offering prices or yields stated on the inside cover page to this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices. The reoffering prices may be changed from time to time by the Underwriter.

### CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report"), by not later than April 15 following the end of the

fiscal year, commencing with the report for the 2013-14 fiscal year (which is due no later than April 15, 2015), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Report or the notices are set forth in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In the past five years, the District has not failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of significant events. [TO CONFIRM]

#### ADDITIONAL INFORMATION

Additional information concerning the District, the Bonds or any other matters concerning the sale and delivery of the Bonds may be obtained by contacting the District through the Assistant Superintendent of Business Services at the address and telephone number set forth on page "iv" of this Official Statement, or by contacting Government Financial Strategies inc. at the address and telephone number set forth on page "iv" of this Official Statement.

The execution and delivery of this Official Statement by the District has been duly authorized by its governing board.

Marysville Joint Unified School District

By:

\_\_\_\_\_  
Gay Todd, Ed.D.,  
Superintendent

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APPENDIX A

THE FINANCIAL STATEMENTS OF THE DISTRICT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

[TO COME]

for

APPENDIX B  
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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[TO COME]

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APPENDIX C  
PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX D  
YUBA COUNTY INVESTMENT POLICY

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[TO COME]

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1228 N Street, Suite 13  
Sacramento, CA 95814  
(916) 444-5100

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\$[PAR AMOUNT]  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**YUBA COUNTY, CALIFORNIA**  
**2014 GENERAL OBLIGATION REFUNDING BONDS**

**CONTINUING DISCLOSURE CERTIFICATE**

Dated: [Closing Date]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is delivered by the Marysville Joint Unified School District (the “District”) in connection with the issuance of the above-referenced bonds (the “Bonds”) pursuant to a Paying Agent Agreement dated November 1, 2014 (the “Paying Agent Agreement”), between the District and The Bank of New York Mellon Trust Company, N.A. (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.

**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 the District, 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.

**Listed Events** means any of the events listed in subsections (a) and (b) of Section 5 (Reporting of 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 [October 28, 2014] 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.

**Repositories** means MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future. (As of the date of this Certificate, there is no California state information depository.)

**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 Repositories. The District shall, or shall cause the Dissemination Agent to, not later than April 15 of each calendar year, commencing with the report for the 2013-2014 Fiscal Year, provide to the Repositories 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(e) (Reporting of Significant Events – Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, 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.

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d. Report of Non-Compliance. If the District is unable to provide an Annual Report to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories 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 time the Annual Report is required to be filed pursuant to Section 3(a) (Provision of Annual Reports – Delivery of Annual Report to Repositories), 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. Annual Budget. The District's approved annual budget for the then-current fiscal year;

c. Interim Financial Report. The most recent Interim Financial Report submitted to the District's governing board in accordance with Education Code section 42130 (or its successor statutory provision).

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

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

a. Qualified Listed 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 in all circumstances not later than ten (10) business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;

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- (5) defeasances;
- (6) rating changes;
- (7) the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB);
- (8) tender offers; or
- (9) bankruptcy, insolvency, receivership or similar event of the obligated person.

b. Unqualified Listed 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, if material, not later than ten (10) business days after the occurrence of the event:

- (1) Except as otherwise provided in paragraph 5(a)(7) 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;
- (2) non-payment related defaults;
- (3) modifications to rights of Bondholders;
- (4) bond calls;
- (5) release, substitution, or sale of property securing repayment of the Bonds;
- (6) the consummation of a merger, consolidation, or acquisition, or certain asset sales involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing;
- (7) appointment of a successor or additional trustee or the change of name of a trustee.

c. Determination of Materiality of Unqualified Listed Events. Whenever the District obtains knowledge of the occurrence of an Unqualified Listed Event, the District shall immediately determine if such event would be material under applicable federal securities laws.

d. Notice to Dissemination Agent. If the District has determined an occurrence of a 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 5(e) (Notice of Listed Events).

e. Notice of Listed Events. The District shall file, or cause the Dissemination Agent to file with the Repositories, a notice of the occurrence of a Listed Event to provide notice of

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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 5(b)(4) (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(e) (Reporting of Significant Events – 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.

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**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) (Provision of Annual Reports – Delivery of Annual Report to Repositories), 4 (Content of Annual Reports), 5(a) (Reporting of Significant Events – Qualified Listed Events), or 5(b) (Reporting of Significant Events – Unqualified Listed 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(e) (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.

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**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.

*[Signature Page Follows]*

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**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.

**MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

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

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**EXHIBIT A**

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

Name of District: Marysville Joint Unified School District

Name of Bonds: Marysville Joint Unified School District  
Yuba County, California  
2014 General Obligation Refunding Bonds

Date of Delivery: [Closing Date]

NOTICE IS HEREBY GIVEN that the Marysville Joint 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 \_\_\_\_\_, with respect to the above-captioned bond issue. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

**MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

By:                     [SAMPLE ONLY]                      
Authorized Officer

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