



**DEPARTMENT OF THE AIR FORCE  
AIR UNIVERSITY (AETC)**

Colonel (Retired) Scotty Lewis  
Deputy Director, Air Force JROTC  
60 West Maxwell Boulevard  
Maxwell AFB AL 36112-6501

20 September 2016

Dr. Gay Todd  
Superintendent, Marysville Joint Unified School District  
1919 B Street  
Marysville CA 95901

Dear Dr. Todd

I am pleased to extend an offer for the Marysville Joint Unified School District to open an Air Force Junior Reserve Officer Training Corps (AFJROTC) unit at Lindhurst High School. We will publish unit activation orders effective 1 January, 2017 at which time the Air Force will provide funding support for your unit.

In anticipation of your acceptance, I am providing a copy of the Memorandum of Agreement (MOA) for the Establishment of an AFJROTC Unit. Please review the agreement thoroughly, then sign and return the document within 30 days to the following e-mail address at [Hq-Assessments@AFJROTC.COM](mailto:Hq-Assessments@AFJROTC.COM). In the interest in keeping our MOA standardized for all schools, individual school requests for edits from local school district legal counsel cannot be honored. After obtaining the Holm Center Commander's signature, we will return a copy of the signed agreement to you. Our goal is to complete the signature exchange process as quickly as possible to provide the greatest opportunity to have a quality instructor team in place next spring. Having the instructor team in place in the spring provides them the opportunity to recruit cadets for school year 2017/2018 and get the required classroom materials set up, and prepared.

The headquarters Instructor Management Branch will begin working with the principal at Lindhurst High School to begin the instructor hiring process which is a critical element in establishing and maintaining a successful unit. If your staff or the principal of Lindhurst High School has any questions regarding the hiring process or the somewhat unique instructor pay process please contact Mr. Dave Richerson, my Chief of Instructor Management, at (334) 953-7742 or by e-mail at [david.richerson.1@us.af.mil](mailto:david.richerson.1@us.af.mil). He can answer those questions and assist with keeping the process moving along in a timely fashion. Your new instructors must attend the JROTC Instructor Certification Course (JICC) here at Maxwell AFB, Alabama from 10-22 July 2017. The Air Force will cover the associated cost of the training. JICC meets the Public Law mandate for certification of instructors to teach AFJROTC and is essential to getting your new unit off to a strong start.

Congratulations to your school for its selection and offer of an AFJROTC unit for the 2017/18 school year. We are sincerely committed to fully supporting our partnership with the Marysville Joint Unified School District and look forward to establishing an outstanding AFJROTC program at Lindhurst High School. If you have questions, please contact my POC, Ms. Debra Paggett, at (334) 953-7743, or by e-mail at [HQ-Assessments@AFJROTC.COM](mailto:HQ-Assessments@AFJROTC.COM)

Sincerely

SCOTTY E. LEWIS, Colonel (Ret), USAF

## **AGREEMENT FOR THE ESTABLISHMENT OF AN AIR FORCE JUNIOR RESERVE OFFICER TRAINING CORPS UNIT**

**TO:** Commander

Jeanne M. Holm Center for Officer Accessions & Citizen Development  
60 West Maxwell Boulevard  
Maxwell Air Force Base, Alabama 36112-6501

### **APPLICATION**

By direction of the governing authorities of **Marysville Joint Unified School District I, Dr. Gay Todd**, Superintendent, hereby apply for the establishment of an Air Force Junior Reserve Officer Training Corps (AFJROTC) unit at **Lindhurst High School, Olivehurst, CA**, under the Title provisions of Public Law 88-647, The Reserve Officer Training Corps Vitalization Act of 1964, Section 2031, Chapter 102, Title 10, United States Code (USC), as amended:

### **SECTION 1. AIR FORCE AGREEMENT**

**1. Contingent upon the acceptance of the above application and the continuing fulfillment of the condition presented in Sections 2 and 3, the Air Force agrees as follows:**

**A. Unit Charter.** To establish and maintain an AFJROTC unit at the institution named in the above application, subject to the provisions of Public Law, Department of Defense (DoD) and Air Force Instructions, and continued approval by the Secretary of the Air Force (SECAF).

**B. Course of Study**

- i. To prescribe the AFJROTC course content consisting of a minimum of 120 class hours per year and to provide the instructional material and guidance for the application of the materials.
- ii. To provide all curriculum text, teaching aides, and other academic text supplies associated with the conduct of the above prescribed AFJROTC program.
- iii. To provide certification/licensure training to those instructors contracted by the institution's district to teach and administer the AFJROTC program courses of study, provided such instructors are qualified retired Air Force commissioned officers/non-commissioned officers (NCO) and otherwise meet the acceptance standards for AFJROTC instructors prescribed by Public Law and applicable DoD and Air Force Instructions.

**C. Unit Supply Support.** To issue to the military property custodian appointed by the institution all Air Force uniforms, supplies, and equipment authorized by applicable Air Force Tables of Allowance. The title of ownership for all property and equipment issued to the institution is retained by the Air Force.

**D. Unit Financial Support**

- i. To reimburse the institution the Air Force portion of Minimum Instructor Pay, as established in Title 10, USC, Section 2031 and set forth in paragraph 2-D (iv).
- ii. To reimburse the institution, within the fund limitations imposed by the Air Force and within guidelines of Air Force directives, for costs incident to the procurement, transportation, packing, unpacking, crating, and normal maintenance of uniforms, supplies, equipment, and instructional materials required by the Air Force.
- iii. To reimburse the institution for required vehicle transportation for logistical support and field trips in support of the AFJROTC program within the funding limitations imposed by the Air Force. Rate of reimbursement will not exceed the normal commercial rate schedule in the area or the usual rate that the institution has established for staff travel.
- iv. To reimburse the institution for authorized long distance telephone calls for support of the AFJROTC unit within the fund limitations imposed by the Air Force and within guidelines of Air Force directives.

**E. Unit Information Management Support**

- i. To publish and disseminate accurate and sufficient unit operations and instructor management policy guidance necessary to properly run the AFJROTC unit and support the AFJROTC cadet corps mission of citizenship development.
- ii. To provide the institution the necessary multimedia tools (hardware & software) to support the supply management, budget management, and other reporting functions required by the Air Force. The title of ownership for all property and equipment issued to the institution is retained by the Air Force.

**SECTION 2. INSTITUTION AGREEMENT**

- 1. Contingent upon the acceptance of this application and upon fulfillment of the conditions presented in Section 1, the governing authorities of the institution agree as follows:**

**A. Proper Accreditation for Course of Study**

- i. To establish Aerospace Science as a separate, integral academic, and administrative department of the institution and to establish a minimum 3-year course of AFJROTC consisting of at least 120 classroom hours per year.
- ii. To teach the required AFJROTC courses prescribed by the Air Force, deviating from the prescribed curriculum only when specifically approved by the Air Force.
- iii. To require each student participating in AFJROTC activities to be voluntarily enrolled in the Aerospace Science/Leadership Education courses prescribed by the Air Force.
- iv. To grant academic credit applicable toward graduation requirements for the successful completion of AFJROTC courses provided by the Air Force, equivalent to credit given for other academic courses.
- v. To arrange for the scheduling of classes to make it equally convenient for students to participate in Aerospace Science/Leadership Education classes as in other courses offered by the institution.

#### **B. Rules of Conduct for AFJROTC Unit**

- i. To maintain a voluntary membership in AFJROTC in accordance with the provisions of Federal Law, supporting DoD and Air Force directives, and the provisions of this agreement; and, to limit membership in the unit to students in the 9th grade or above who meet and maintain acceptable standards of academic achievement, personal conduct and appearance as prescribed by the Air Force. Visiting international students may participate with written approval from their government.
- ii. Cadets will wear the prescribed uniform a minimum of one day per week while attending all institution classes and while participating in out-of-class AFJROTC activities. Cadre and cadets must abide by Air Force standards for correct uniform wear.
- iii. To conduct the program without discrimination against students or instructors regarding race, religion, color, ethnicity, gender, or national origin.

#### **C. Facility Support for AFJROTC Unit**

- i. To make available to the Aerospace Science Department the necessary classroom facilities and office space for the efficient and effective accomplishment of the AFJROTC course objectives. The facilities to be provided shall be at a minimum comparable to those presented to the Air Force during the official site survey conducted at the institution.



- ii. To provide and maintain drill area(s) at or in the immediate vicinity of the institution, which will include at least 2,500 square feet of flat, unobstructed space, free of vehicular or pedestrian traffic comparable to those presented to the Air Force during the official site survey conducted at the institution. Consideration should be given to indoor drill facilities in areas where inclement weather prohibits outside drill for extended periods of time.
- iii. To provide and maintain storage facilities for the protection and care of uniforms, supplies, and equipment used in the AFJROTC program. Such storage facilities must be reserved for the exclusive use of the AFJROTC program and must be constructed so that access can be denied to unauthorized personnel. Climatically controlled storage facilities will be a minimum of 400 square feet and comparable to those presented to the Air Force during the official site survey conducted at the institution. As the size of the AFJROTC program increases, additional storage space must be provided.
- iv. To provide Aerospace Science faculty access to the worldwide web through the institution's Local Area Network (LAN) system. If no LAN exists, provide Aerospace Science faculty with digital telecommunication protocols to allow high speed data communications.

#### **D. Faculty Staff Support for AFJROTC Unit**

- i. To employ, as a minimum, one retired Air Force commissioned officer and one NCO whose qualifications are certified/licensed by the Air Force (in accordance with the provision of paragraph 1B (iii) above) to conduct the Aerospace Science/Leadership Education courses and other AFJROTC activities. Additional instructors are authorized when cadet enrollment increases to 151 (sustained growth) and increments of 100 thereafter as provided for in DoD Instruction 1205.13. Additional instructor positions are not mandatory, but are recommended to sustain a manageable cadet to instructor ratio. In absence of support for an additional instructor position, schools will cap enrollment at a rate of 20% above cadet enrollment authorizing an additional instructor position (i.e.,  $151 + 20\% =$  an enrollment cap of 181 cadets for two instructors;  $251 + 20\% =$  an enrollment cap of 301 cadets for 3 instructors, etc.).
- ii. To advise AFJROTC of any changes in the employment status of personnel employed in the AFJROTC unit.
- iii. To conduct annual instructor evaluations (as outlined in AFJROTC instructions) and submit through Air Force channels.

- iv. To provide subject retired commissioned officers and NCOs a written contract of employment with the institution's district as the employing agency. Such contract of employment shall contain, at a minimum, the following provisions:
- a) To ensure Air Force retired personnel employed receive at least "Minimum Instructor Pay (MIP)". "MIP" is defined as an amount equal to the difference between their entitled retired pay and the active duty pay and allowances, excluding hazardous duty and proficiency pay, which they would receive if performing on Air Force active duty. Although the institution is only required to pay MIP, it is highly encouraged to pay instructors above MIP commensurate with their military experience, education level, area cost of living, etc., in order to attract and maintain the best candidates. Per the provisions of paragraph 1D (i), the Air Force shall reimburse the institution one half of MIP. The Air Force's responsibility is limited to the period of employment specified in the contract up to ten (10) months or 300 calendar days from employment contract start date regardless of the institution's distribution of pay.
  - b) To stipulate the duration of employment and amount of salary, provide for an automatic adjustment in MIP when active duty pay increases, and specify the duties of the AFJROTC instructor as a cooperative employee of the institution's district. Per DoD Instruction 1205.13, the minimum contract duration for AFJROTC instructors will be ten (10) months except for instructors initially employed after the beginning of the regular institution year; however, extended contract periods are strongly encouraged and may be negotiated to permit the year-round management of the program and control of Air Force property.
  - c) To ensure AFJROTC instructors perform only those duties connected with the instruction, operation, and administration of the AFJROTC program. Individuals employed as AFJROTC instructors will not perform duties or teach any classes in any discipline other than Aerospace Science. Exceptions are permitted if the performance of such duties or the teaching of such classes are conducted outside the institution's normal day of academic instruction and are contracted between the institution and the individual AFJROTC instructor at no expense to the Air Force. This provision does not preclude AFJROTC instructors from serving on committees or performing other routine duties that are rotated regularly among all institution faculty members.
  - d) To ensure AFJROTC instructors and such other personnel that are hired to support the AFJROTC program at the institution are employees of the School District and in no event shall the School District represent such instructors and personnel as Air Force employees, agents, or contractors. The School District shall include the Senior Aerospace Science Instructor in meetings where policies, recommendations, or decisions affecting the AFJROTC program are made, including the employment or discharge of Aerospace Science Instructors.

#### **E. Logistical Support & Accountability**

- i. To make available to the Aerospace Science Department all the instructional supplies, materials, services, furniture, and privileges afforded other academic departments at the institution.
- ii. To provide transportation for AFJROTC field trips comparable to that for students in other courses.
- iii. To appoint an employee of the institution as the military property custodian who will be empowered to perform the required supply functions incident to the acquisition, accounting, and handling of supplies, equipment and uniforms issued to, or purchased with Air Force funds for the institution. AFJROTC instructor personnel may be, but are not required to be, appointed to this duty. The institution shall also ensure that the appointed military property custodian conducts an inventory of said items and performs required disposition actions before transferring said duty to another individual or closing the unit.
- iv. To conform to the directives of the Air Force relating to the issue, receipt, storage, safeguarding, and turn in of Air Force uniforms, textbooks, supplies, equipment, and other educational materials at the institution.
- v. To safeguard and retain liability for all Air Force property located at the institution, making full restitution after all occurrences of theft, loss, and negligent or willful damage or destruction. If the institution elects to provide an insurance policy, it shall name the United States as an additional insured.

#### **F. Unit Financial Support**

- i. To fully fund in advance those AFJROTC unit activities and operations authorized by the Air Force for reimbursement, within the fund limitations imposed by the Air Force.
- ii. To submit documentation for authorized reimbursements in accordance with Air Force directives. Note: The Defense Finance & Accounting Service requires institutions to establish a direct deposit account that will accept electronic fund transfer of reimbursement payments.
- iii. To maintain original invoices and other supporting documentation used for reimbursement in accordance with DoD Instructions.

### **G. Other Provisions**

- i. To comply with Air Force directives governing unit operations, AFJROTC curriculum, cadet performance, instructor management, and logistics management. Current regulations are available to instructors at WINGS/Published Files/Directory/JROTC.
- ii. To facilitate completion, through Air Force channels, of instructor evaluations, unit self-assessment reports, program status reports, equipment inventories, and other recurring and periodic reports required by the Air Force.

## **SECTION 3. BOTH PARTIES AGREEMENT**

- 1. Contingent upon the acceptance of the above application, both parties mutually agree as follows:**

### **A. Other AFJROTC Programmatic Requirements Under This Contract**

- i. The named institution is fully accredited by a state or regional accreditation agency. Loss of accreditation shall be considered grounds for disestablishment action under paragraph 3C (iii) of this agreement.
- ii. The institution's principal (or equivalent) is the on-site person in charge of the supervision of the AFJROTC program. The Senior Aerospace Science Instructor ensures the program operates satisfactorily and is appointed to an institution position equivalent to that of a department head.
- iii. The Senior Aerospace Science Instructor is the AFJROTC instructor of senior rank. When instructors are of equal rank, the instructor with the earliest date of rank will be designated the instructor in charge, subject to Air Force approval. Other AFJROTC instructors (Aerospace Science Instructors) employed by the institution are subordinate and will report to, and be supervised directly by, the Senior Aerospace Science Instructor.
- iv. The Air Force may conduct periodic workshops at Air Force expense for instructors hired to conduct the AFJROTC program. The institution shall require instructors to attend these workshops, which may be scheduled during or outside the normal academic school year. Waivers may be authorized by AFJROTC in extenuating circumstances. AFJROTC instructors will be afforded the same privileges and support in attending workshops and professional meetings as are given other faculty members.

- v. AFJROTC instructors will wear the Air Force uniform prescribed by Air Force directives while conducting the program and when otherwise identified or associated with AFJROTC activities. AFJROTC instructors will conform to standards of dress, personal appearance, weight, and conduct as prescribed in Air Force directives.
- vi. The institution must maintain a minimum cadet enrollment of 10 percent of the number of students enrolled in the institution who are in a grade above the 8th grade, or 100, whichever is less.
- vii. While all students in the high school are encouraged to voluntarily enroll in the AFJROTC program, unit viability (see §3(A)(vi) above) will only be determined by counting those students who meet the eligibility criteria established in Federal Law; U.S. citizens, U.S. nationals, or aliens lawfully admitted to the U.S. for permanent residence, and who are physically fit. Fitness criteria are defined in AFJROTC Instruction 36-2001.
- viii. Students from other institutions may participate in the AFJROTC program at the host institution under the following conditions:
  - a) AFJROTC instructors will not travel to other institutions. All instruction must take place at the host institution.
  - b) Travel by students from other institutions to the host institution is at no expense to the Air Force.
  - c) Superintendents and principals from all institutions must agree in writing.
  - d) The superintendent and principal of the host institution maintains overall supervisory responsibility and may terminate the agreement at any time.

**B. Other Air Force Rights Under the Contract**

- i. The Air Force shall have the right to place AFJROTC instructors on probation for breach of Air Force standards.
- ii. The Air Force shall have the right to withdraw certification of AFJROTC instructors for breach of standards and the institution will remove decertified personnel from the AFJROTC program.
- iii. Representatives of the Air Force shall be authorized to make visits to the institution, both announced and unannounced, to evaluate the AFJROTC program, and enforce compliance with Air Force standards.

- iv. The Director, AFJROTC may waive any provision of this agreement that is not required by law, the DoD, or a higher headquarters Air Force directive.

### **C. Termination Clauses**

- i. The institution has the right to terminate employment of certified AFJROTC instructors in accordance with institutional rules and regulations.
- ii. This agreement may be terminated at the completion of any academic school year by either party, by giving at least one-year's notice or sooner by mutual agreement. If the governing authorities of an institution decide to discontinue their AFJROTC program, they will notify the Director, Air Force JROTC in writing at: Holm Center/JR, 60 West Maxwell Blvd, Maxwell Air Force Base, Alabama, 36112-6501.
- iii. Units which do not fulfill the provisions prescribed in this agreement (to include those provisions explicitly provided for in Title 10, USC, Section 2031), may be placed on probation. The appropriate institution authorities will be required to correct the deficiency within 12 months or risk potential disestablishment.
- iv. The Commander, Jeanne M. Holm Center for Officer Accessions & Citizen Development, may terminate this agreement and withdraw the unit if the best interest of the AF would be served by doing so, regardless of the provisions of paragraphs 3C (ii) and 3C (iii) of this contract.
- v. The governing authorities of the institution shall, in the event of mutual or unilateral termination of this agreement, or in the event of disestablishment as prescribed by the Secretary of the Air Force, return to the Air Force all US Government-owned equipment, supplies, uniforms, and educational curriculum materials in the custody of the institution (to include all such items purchased using funds provided to the institution by the Air Force) in accordance with procedures and guidance in existence or provided by the Air Force at the time of the termination of the agreement or disestablishment of the AFJROTC unit.

### **D. General Provisions**

- i. The agreement shall become effective upon signature by the Commander, Jeanne M. Holm Center for Officer Accessions & Citizen Development.
- ii. This agreement represents the entire agreement and supersedes any prior agreement, understandings, or representations between the Air Force and the institution pertaining to the establishment and maintenance of an AFJROTC unit.

- iii. This agreement shall remain in effect until officially terminated under a provision of Sub-section 3C.
- iv. This agreement will be reviewed for currency every five years. The Air Force reserves the right to require renewal of this agreement by both parties if significant program changes occur.
- v. This agreement is governed by and shall be construed under Federal Law.
- vi. Any and all modifications or amendments to this agreement must be in writing, executed by authorized designees of the parties, and attached to this original agreement.
- vii. Unless expressly stated in writing signed by the Air Force, the waiver by the Air Force of any act, duty, or obligation required of the institution hereunder shall not be construed as a waiver of any other, or of any future act, duty, or obligation to be performed by the institution.
- viii. Nothing in this agreement will be construed as obligating the Air Force, their officers, employees, or agents to expend any funds in excess of appropriations authorized for such purposes in violation of the Federal Anti-Deficiency Act (31 USC Section 1341).
- ix. Each undersigned representative of the parties to this agreement certifies he or she is fully authorized to enter into the terms and conditions of this agreement and to execute the same so as to effectively bind each party to its terms.
- x. The institution shall adhere to a policy of non-discrimination against students or instructors based on race, ethnicity, religion, national origin, gender, or any other category prohibited by law.
- xi. Unless otherwise stated herein, notices under this agreement shall be effective upon receipt, must be in writing, and must be served by certified, US mail, return receipt requested, and addressed to AFJROTC.

**FOR THE INSTITUTION**

\_\_\_\_\_  
Dr. Gay Todd, Superintendent  
Marysville Joint Unified School District

\_\_\_\_\_  
(Date)

**FOR THE AIR FORCE**

\_\_\_\_\_  
STEVEN D. GARLAND  
Brigadier General, USAF  
Commander, Holm Center

\_\_\_\_\_  
(Date)



**RESOLUTION NO. 2016-17/07**

**RESOLUTION OF THE BOARD OF TRUSTEES OF  
THE MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
AUTHORIZING THE SALE AND ISSUANCE OF REFUNDING BONDS  
AND RELATED ACTIONS**

WHEREAS, the Board of Trustees (the "Board") of the Marysville Joint Unified School District (the "District") requested Yuba County to sell and issue, on behalf of the District, the Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds, Election of 2008, Series 2009, pursuant to Resolution No. 2008-09/80 adopted June 18, 2009 (the "Prior Bonds");

WHEREAS, the Yuba County Board of Supervisors authorized the issuance of the Prior Bonds pursuant to its Resolution No. 2009-60 adopted July 14, 2009;

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 I of Division 2 of Title 5 of the California Government Code (the "Refunding Bonds") to refund the current interest portion of the Prior Bonds that mature on August 1, 2020 through August 1, 2034, inclusive (the "Refunded 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 Refunded Prior Bonds, which, pursuant to California Government Code Sections 53552 and 53556, will permit the Board to issue the Refunding Bonds without another vote of the electorate;

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

- a. an official notice of sale (the "Official Notice of Sale") to be presented to prospective bidders for the Refunding Bonds;
- b. a notice of intention to sell bonds (the "Notice of Intention") to be published once at least five (5) days before the date of sale;
- c. an award of bonds (the "Award of Bonds") giving notice to the successful bidder;
- d. a paying agent agreement relating to the Refunding Bonds between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent Agreement");

- e. 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 Refunded Prior Bonds (the "Escrow Agreement");
- f. an official statement describing the Refunding Bonds and the District (the "Official Statement"); and
- g. a continuing disclosure certificate, whereby the District undertakes 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 of Trustees of the Marysville Joint Unified School District 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 \$31,000,000; 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 Refunded Prior Bonds, and further provided that the Superintendent or the Assistant Superintendent of Business Services has determined that the refunding of the Refunded Prior Bonds produces net present value savings of at least 5% of the par amount of the Refunded Prior Bonds (or such higher amount of savings as they may require).

Section 3. Authorization of Officers to Execute and Deliver Documents. The Board authorizes the President, the Vice President, the Clerk, and the Secretary of the Board, and the Superintendent and the Assistant Superintendent of Business Services (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 Official Notice of Sale;
- b. the Notice of Intention;
- c. the Award of Bonds;
- d. the Paying Agent Agreement;
- e. the Escrow Agreement;
- f. the Official Statement; and
- g. 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 for 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 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. Publication of Notice of Intention to Sell Refunding Bonds. The Designated Officers are hereby authorized and directed to cause the Notice of Intention to be published in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders of the Refunding Bonds.

Section 5. Method of Sale. The Board hereby authorizes and directs the Designated Officers to cause copies of the Official Notice of Sale to be provided to prospective bidders for the Refunding Bonds and authorizes the sale of the Refunding Bonds to the responsible bidder who submits the best responsive bid.

Section 6. Award of Bonds. The Designated Officers and/or the Municipal Advisor (as defined herein) are hereby authorized and directed to open the bids at the time and place specified in the Official Notice of Sale and to compute and determine in accordance with the Official Notice of Sale, the successful bidder. The Board further authorizes and directs the Designated Officers to make or cause to be made any corrections, revisions, or additions to the Award of Bonds as deemed necessary by the Designated Officers, in consultation with the Municipal Advisor and/or the Bond Counsel (as defined herein). The Designated Officers are hereby authorized to accept the lowest true interest cost bid for the Refunding Bonds by executing and delivering the Award of Bonds, providing for the sale of the Refunding Bonds by the District to the successful bidder (the "Underwriter") at a purchase price to be set forth therein; provided, that (i) said purchase price shall not be less than the principal amount of the Refunding Bonds, (ii) the interest rate on the Refunding Bonds shall not be in excess of the statutory limit of 8.00% per annum, (iii) the Underwriter shall pay specified costs of issuance of the Refunding Bonds on behalf of the District, in such type and amount as may be determined and set forth in the Official Notice of Sale, and (iv) the Refunding Bonds shall otherwise conform to the limitations specified herein.

Section 7. Distribution of Official Statement. The Board hereby authorizes and directs the Municipal Advisor to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Refunding Bonds and authorizes and directs the Underwriter 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 8. 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 9. Identification of Professionals Involved. The law firm of Parker & Covert LLP is hereby retained as bond counsel (the "Bond Counsel") to the District with respect to the Refunding Bonds in accordance with the agreement for bond counsel services on file with the Secretary of the Board, which is hereby approved. The Board hereby approves the firm of KNN Public Finance, LLC to act as municipal advisor (the "Municipal Advisor") with respect to the Refunding Bonds.

Section 10. 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 otherwise to carry out, give effect to, and comply with the terms and intent of this Resolution. 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 11. Effective Date. This resolution shall take effect immediately upon its passage.

**APPROVED, PASSED, AND ADOPTED** on October 11, 2016 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**BOARD OF TRUSTEES OF THE  
MARYSVILLE JOINT UNIFIED SCHOOL  
DISTRICT**

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Bernard P. Rechs  
President of the Board of Trustees

**ATTEST:**

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Gay Todd  
Secretary of the Board of Trustees

268

**OFFICIAL NOTICE OF SALE**

**\$24,755,000\***

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(Yuba and Butte Counties, California)  
2016 General Obligation Refunding Bonds**

NOTICE IS HEREBY GIVEN that *electronic bids* only for the purchase of all, but not less than all, \$24,755,000\* aggregate principal amount of Marysville Joint Unified School District (Yuba and Butte Counties, California) 2016 General Obligation Refunding Bonds (the "Bonds"), will be received by the Marysville Joint Unified School District (the "District") at the time and in the form below specified:

**DATE AND TIME:** TUESDAY, OCTOBER 25, 2016, until 9:00 a.m. (Pacific Daylight Time).

**SUBMISSION OF BIDS:** Bids may be submitted (for receipt not later than the time set forth above) electronically only through the I-Deal LLC BiDCOMP/PARITY® system ("PARITY®"). See "FORM OF BID" herein.

**Bidders should be aware that the par amount of the Bonds may be reduced. See "ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES" below.**

**ISSUE; BOOK ENTRY:** \$24,755,000\* consisting of fully registered bonds. The Bonds will be dated as of their date of delivery, expected to be November 10, 2016, and will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book-entry-only system with no physical distribution of the Bonds made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

**MATURITIES:** The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount*</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount*</u>
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\* Preliminary, subject to change.

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**ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES:** The maturity amounts set forth above for the Bonds may be adjusted either upward or downward in order to achieve the savings structure desired by the District and to adjust par amounts to appropriately size the refunding bonds including reduction to eliminate any excess proceeds due to a bid premium. The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Bonds within 26 hours after the expiration of the time prescribed for the receipt of proposals. Any increase or decrease will be in \$5,000 increments of principal amounts. In the event of any such adjustment, no re-bidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. The successful bidder will not be permitted to change the interest rates in its bid.

**INTEREST:** The Bonds shall bear interest from their date of delivery, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 8% per annum, payable semiannually on each February 1 and August 1, commencing February 1, 2017.

**PAYMENT:** Principal of the Bonds will be payable upon surrender at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent"). Interest on the Bonds will be payable by check or draft mailed by first class mail to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose.

**REGISTRATION:** The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of The Depository Trust Company of New York ("DTC"), and the ownership of the Bonds will be registered to the nominee of DTC.

**OPTIONAL REDEMPTION:** The Bonds maturing on or before August 1, 2026, are noncallable. The Bonds maturing on August 1, 2027, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, as a whole, or in part on or after August 1, 2026 (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, without premium.

**SINKING FUND REDEMPTION:** Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on August 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading "MATURITIES," at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

**PURPOSE:** The Bonds are being issued to (a) advance refund the outstanding current interest portion of the Marysville Joint Unified School District Yuba County, California, General Obligation Bonds, Election of 2008, Series 2009, maturing on August 1, 2020 through August 1, 2034 (inclusive), and (b) pay for costs of issuance of the Bonds.



**SECURITY:** The Bonds are general obligations of the District. The Yuba County Board of Supervisors and the Butte County Board of Supervisors have the power and are obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property).

**RATING:** Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, has assigned the rating of "\_\_\_" to the Bonds. **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.** Any other applications for ratings and expenses related thereto shall be the sole responsibility of the bidder.

**MUNICIPAL BOND INSURANCE; BIDDER'S OPTION:** The District has applied to Build America Mutual Assurance Company ("BAM") and Assured Guaranty Municipal Corp. ("AGM") for a commitment to issue a policy insuring the payment when due of principal of and interest on the Bonds. In the event such a commitment is obtained prior to the sale date, such information will be made available to bidders by BAM and/or AGM. In the event the District obtains a commitment for municipal bond insurance, each bidder shall have the option to elect whether such insurance will be issued. **In the event that the winning bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the bidder, and the District will have no responsibility for payment of such premium and costs.**

Bids shall not be conditioned upon the issuance of a municipal bond insurance policy. Subject to the limitations described below, the District will cooperate in any effort to qualify the Bonds for such bond insurance. The District makes no representation as to whether the Bonds will qualify for municipal bond insurance and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the bidder. In particular, the District will neither amend nor supplement its resolution authorizing the issuance of the Bonds in any way nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such policy. FAILURE OF BAM OR AGM TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF OR PAY FOR THE BONDS. IN THE EVENT OF SUCH FAILURE, THE DISTRICT SHALL AMEND THE OFFICIAL STATEMENT AND THE COST OF PRINTING AND MAILING SUCH SUPPLEMENT SHALL BE BORNE BY THE SUCCESSFUL BIDDER ALONE. The successful bidder must provide the District with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two business days following the award of the bid. The District will require an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy, in form reasonably satisfactory to Bond Counsel and the successful bidder.

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## TERMS OF SALE

**INTEREST RATE:** No rate of interest may be bid which exceeds 8% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%). No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. The rate on any maturity or group of maturities shall not be more than 4% higher than the interest rate on any other maturity or group of maturities.

**FORM OF BID:** All bids must be for not less than all of the Bonds hereby offered for sale and for not less than the aggregate par amount thereof.

To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP/PARITY®, bidders may contact KNN Public Finance, LLC (the "Municipal Advisor") at (949) 346-4900 or BiDCOMP/PARITY® at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR, OR PARKER & COVERT LLP ("BOND COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP/PARITY® AND THAT BiDCOMP/PARITY® IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP/PARITY® AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BiDCOMP/PARITY®. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP/PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER THE DISTRICT, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AND THE DISTRICT SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP/PARITY® AS THE OFFICIAL TIME.

**BEST BID:** The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the District. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be



calculated to the dated date of the Bonds (assumed to be November 10, 2016) and will be based on the proposed bid amount (par value less any discount or plus any premium). For the purpose of making such determination, it shall be assumed that any Bond designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in its bid the percentage true interest cost to the District, which shall be considered as informative only and shall not be binding on either the bidder or the District. The determination of the best bid by the Municipal Advisor, in consultation with the District, shall be binding and conclusive on all bidders.

The determination of the bid representing the lowest true interest cost will be made without regard to any adjustments made or contemplated to be made after award of the Bonds as described under "ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES" herein even if such adjustments have the effect of raising the true interest cost of a winning bid to a level higher than the bid containing the next lowest prior true interest cost prior to adjustment.

If two or more bidders offer bids for the Bonds at the same lowest true interest cost, the District will determine by lot which bidder will be awarded the Bonds.

By submission of its bid, a bidder shall be deemed to have made the following representations:

(a) The bidder has received and reviewed the Preliminary Official Statement with respect to the Bonds and as a condition to bidding on the Bonds, has determined that it can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(b) The bidder has conducted its own review of the District's continuing disclosure undertakings.

(c) As of the date of its bid and as of the date of delivery of the Bonds, all members of the bidder's syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC.

(d) The Municipal Advisor is not a participant in the bidding syndicate.

(e) The successful bidder will pay certain costs of issuance of the Bonds on behalf of the District, as specified herein.

**RIGHT OF CANCELLATION OF SALE BY DISTRICT:** The District reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

**RIGHT TO MODIFY OR AMEND:** The District reserves the right, in its sole discretion, to modify or amend this Official Notice of Sale including, but not limited to, the right to adjust and change the principal amount and principal amortization schedule of the Bonds being offered, at any time prior to the date and time for the receipt of bids, communicated through PARITY®.

**RIGHT OF POSTPONEMENT BY DISTRICT:** The District reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through PARITY® prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through PARITY® at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced through PARITY® at the time the sale date and time are announced.

**RIGHT OF REJECTION:** The District reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 9:00 a.m. on the date set for receipt of bids.

**PROMPT AWARD:** Pursuant to authority granted by the Board of Trustees of the District (the "Board"), the Superintendent or the Assistant Superintendent of Business Services will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of proposals; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal.

**PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY:** It is expected that said Bonds will be delivered to DTC through the Fast Automated Securities Transfer System ("FAST") for the account of the successful bidder within forty-five (45) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within sixty (60) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid. See "GOOD FAITH DEPOSIT" below.

**GOOD FAITH DEPOSIT:** A good faith deposit ("Deposit") in the form of a certified or cashier's check or a wire transfer, in the amount of \$\_\_\_\_\_, payable to the order of the Paying Agent, must be remitted by the winning bidder within 48 hours after the acceptance of its bid. The Deposit shall be cashed by the Paying Agent on behalf of the District and shall then be applied toward the purchase price of the Bonds. If after the award of the Bonds the successful bidder or bidders fail to complete their purchase on the terms stated in their bid, the Deposit will be retained by the District. No interest on the Deposit will accrue to any bidder.

**CHANGE IN TAX-EXEMPT STATUS:** At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into

account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

**CLOSING PAPERS; BOND PRINTING:** Each proposal will be understood to be conditioned upon the District furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Parker & Covert LLP, Sacramento, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations, and interest on the Bonds is exempt from personal income taxes of the State of California. Other tax consequences to holders of the Bonds, if any, are not addressed in the opinion;

(b) A certificate of the District certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the District, signed by officers and representatives of the District, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the District evidencing the receipt of the purchase price of the Bonds;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the District, signed by an officer of the District, acting in his official capacity, to the effect that the Official Statement relating to the Bonds did 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 (except for any CUSIP numbers, the financial statements and other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions; expressions of opinion; any information about valuation, appraisals, absorption, or environmental matters; any of the appendices included in the Preliminary Official Statement and the Official Statement; or any information about the issuer of any municipal bond insurance policy or said municipal bond insurance policy, ratings, rating agencies, the underwriters, underwriting, DTC or the book-entry only system, as to all of which no view shall be expressed) and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

**CUSIP NUMBERS:** It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder.

**CERTIFICATION OF REOFFERING PRICE:** The successful bidder shall be required, as a condition to the issuance of the Bonds, to deliver to the District a certificate, in form and substance satisfactory to Bond Counsel, stating (i) that, as of the date of award, the Bonds were expected to be reoffered in a bona fide public offering at the stated initial offering prices, (ii) the initial offering price at which a substantial amount (at least 10%) of each maturity of the Bonds were sold to the public, and (iii) that no Bonds of a single maturity were offered at one price to the general public and at a discount from that price to institutional or other investors.

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION:** The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

**DTC FEES:** All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

**OFFICIAL STATEMENT:** The District has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("S.E.C.") under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to KNN Public Finance, LLC, 1300 Clay Street, Suite 1000, Oakland, CA 94612, telephone (510) 839-8200. The District plans to prepare and close only with a pdf version of the final Official Statement but will furnish to the successful bidder, upon request, within seven business days following the date of award, at no charge, not in excess of 25 copies of the Official Statement for use in connection with any resale of the Bonds.

**CONTINUING DISCLOSURE:** In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the resolution authorizing issuance of the Bonds and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

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

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT

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



**NOTICE OF INTENTION TO SELL  
\$24,755,000\*  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(YUBA AND BUTTE COUNTIES, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

NOTICE IS HEREBY GIVEN by the Board of Trustees of the Marysville Joint Unified School District (the "District"), that bids will be received by a representative of the District for the purchase of \$24,755,000\* principal amount of bonds of the District designated the "Marysville Joint Unified School District, 2016 General Obligation Refunding Bonds" (the "Bonds"). Bids will be received in electronic form via BiDCOMP/PARITY® on:

**TUESDAY, OCTOBER 25, 2016**

or, at the option of the District, on successive days thereafter until acceptance of a bid, in either case at 9:00 a.m. Pacific Daylight Time. Further information, including copies of the preliminary Official Statement and Official Notice of Sale, may be obtained from the municipal advisor to the District, KNN Public Finance, LLC, 1451 Quail Street, Suite 200, Newport Beach, California 92660, telephone at (949) 346-4900. Bidders are referred to the Official Notice of Sale of the Bonds for further particulars concerning the terms and conditions of the sale.

GIVEN by order of the Board of Trustees of the Marysville Joint Unified School District by resolution adopted October \_\_, 2016.

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\* Preliminary; subject to change.

**\$[PAR AMOUNT]  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(YUBA AND BUTTE COUNTIES, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

**AWARD OF BONDS**

In accordance with the provisions of Resolution No. \_\_\_\_\_ of the Marysville Joint Unified School District Board of Trustees, adopted October 11, 2016, the Official Notice of Sale and the Notice of Intention to Sell Bonds (collectively, the "Notice") published in *The Bond Buyer*, all bids for the Marysville Joint Unified School District, 2016 General Obligation Refunding Bonds (the "Bonds"), have been received, opened, and computed in accordance with the Notice.

Based on an examination of the bids and a review of the computation of the bids as set forth in Exhibit A attached hereto, it has been determined that the bid of [UNDERWRITER] (the "Purchaser") is the highest conforming bid for the Bonds, based upon the lowest true interest cost determined in accordance with the Notice. A copy of the Purchaser's bid is attached hereto as Exhibit B. Purchaser's bid, as shown on Exhibit B, reflects a true interest cost of \_\_\_\_\_%.

The Bonds, having the terms provided in the Paying Agent Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A., dated November 1, 2016, and the Notice, and issued in the principal amounts and bearing interest at the rates set forth in Exhibit C, are hereby awarded and sold to the Purchaser for a purchase price of \$\_\_\_\_\_.

Dated: [SALE DATE]

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

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

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**EXHIBIT A**

**\$[PAR AMOUNT]  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(YUBA AND BUTTE COUNTIES, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

**TABULATION OF BIDS RECEIVED**

The undersigned certifies that the following bids were received for the Marysville Joint Unified School District, 2016 General Obligation Refunding Bonds. The best bid is in conformity with the Official Notice of Sale and was received on or before [TIME], [SALE DATE].

**Name of Bidder**

**True Interest Cost**  
%

Dated: [SALE DATE]

**KNN PUBLIC FINANCE, LLC**

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

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**EXHIBIT B**  
**WINNING BID**

[Attached]

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**EXHIBIT C**  
**BOND PRICING**

**SERIAL BONDS**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b> \$	<b><u>Rate</u></b> %	<b><u>Yield</u></b> %	<b><u>Price</u></b>
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**TERM BONDS**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b> \$	<b><u>Rate</u></b> %	<b><u>Yield</u></b> %	<b><u>Price</u></b>
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*c = Priced to August 1, 20\_\_, par call.*

**PAYING AGENT AGREEMENT**

**by and between**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

**and**

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

**Dated November 1, 2016**

**Relating to the**

**\$(PAR AMOUNT)  
MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
2016 General Obligation Refunding Bonds**

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## **PAYING AGENT AGREEMENT**

This PAYING AGENT AGREEMENT, dated November 1, 2016, 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").

### **WITNESSETH:**

**WHEREAS**, the Board of Trustees (the "Board") of the Marysville Joint Unified School District (the "District") requested Yuba County, to sell and issue, on behalf of the District, the Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds, Election of 2008, Series 2009, pursuant to Resolution No. 2008-09/80 adopted June 18, 2009 (the "Prior Bonds");

**WHEREAS**, the Yuba County Board of Supervisors authorized the issuance of the Prior Bonds pursuant to its Resolution No. 2009-60 adopted July 14, 2009;

**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 all or a portion of the Prior Bonds;

**WHEREAS**, the Board of the District, by its Resolution No. \_\_\_\_\_, adopted on October 11, 2016 (the "Resolution"), has determined that prudent management of the District's financial affairs requires that a portion of the outstanding Prior Bonds now be refunded and has authorized the issuance and sale of its "Marysville Joint Unified School District, 2016 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 advance refund the current interest portion of the Prior Bonds that mature on August 1, 2020 through August 1, 2034, inclusive (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

**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.

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**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 AND OTHER PROVISIONS OF GENERAL APPLICABILITY**

**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, the Assistant Superintendent of Business Services, 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 the County of Yuba, State of California.

**Debt Service Fund** means the fund maintained by the Paying Agent for the payment of debt service on the District's Refunding Bonds.

**District** means the Marysville Joint Unified School District, located in the County and a portion of the County of Butte.



**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, 2016, 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 (“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.

**[Insurance Policy]** means the financial guaranty bond insurance policy issued by the Insurer and delivered simultaneously with the issuance and delivery of the Bonds, which will insure payment of the principal of and interest on the Bonds.

**Insurer** means [INSURER].]

**Interest Payment Date** means February 1 and August 1 of each year. The first Interest Payment Date shall be February 1, 2017.

**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.

**Mandatory Redemption Payment** means, with respect to the Refunding Bonds of any maturity, the amount required by this Paying Agent Agreement hereto to be paid for the mandatory redemption or payment at maturity of Term Bonds of such maturity.

**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.

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**Paying Agent's Office** means the office of the Paying Agent at 2001 Bryan Street, 11<sup>th</sup> Floor, Dallas, TX 75201, Attention: Corporate Trust Services, or such other or additional offices as may be designated by the Paying Agent.

**Prior Bonds** means the outstanding bonds of the District designated the "Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds, Election of 2008, Series 2009."

**Record Date** means the 15th day of the month preceding any Interest Payment Date. The first Record Date shall be January 15, 2017.

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

**Refunded Prior Bonds** means the current interest portion of the Prior Bonds maturing on August 1, 2020 through August 1, 2034, inclusive.

**Refunding Bonds** means the Marysville Joint Unified School District, 2016 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** mean the following: The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel (212) 855-1000, or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as the District may designate in a Request of the District delivered to the Paying Agent.

**Serial Bonds** means the Refunding Bonds, maturing in specified years, for which no mandatory redemption is provided.

**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.

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**Tax Collection Fund** means the fund by that name that is administered and held by the Treasurer and into which the collected *ad valorem* taxes levied by the County and the County of Butte are deposited for transfer to the Paying Agent for the payment of debt service on the District's Refunding Bonds. The monies held in the Tax Collection Fund shall be used for the payment of principal and interest on the Refunding Bonds when due, and the fees and expenses of the Paying Agent, as set forth herein.

**Term Bonds** means the Refunding Bonds subject to mandatory redemption, in part, at or before their specified maturity date or dates in amounts deemed necessary to retire such Refunding Bonds on or before their specified maturity date or dates.

**Treasurer** means the Treasurer and Tax Collector of Yuba 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 County of Butte, 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.

**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 and County of Butte, including their respective Boards of Supervisors (the "Boards 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.

**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, requests 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  
Attn: Assistant Superintendent of Business Services

If to the Paying Agent: The Bank of New York Mellon Trust Company, N.A.  
2001 Bryan Street, 11<sup>th</sup> Floor  
Dallas, TX 75201  
Attn: Corporate Trust Services

**Section 1.12 Municipal Bond Insurance.** Notwithstanding anything to the contrary as set forth in this Paying Agent Agreement, so long as the Insurance Policy issued by the Insurer

is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the provisions of Schedule A, attached to "Certificate of Issuer as to [INSURER] Insurance Policy," dated [CLOSING DATE], shall be in effect.]

## 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, 2016 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 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:

<b><u>Maturity</u> <u>(August 1)</u></b>	<b><u>Principal</u> <u>Amount</u></b>	<b><u>Interest</u> <u>Rate</u></b>
	\$	%

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<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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\*Term Bond

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 February 1, 2017, and thereafter semiannually on February 1 and August 1 of each year 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.

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 (2) 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 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.

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,

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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 Refunding Bond owner 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 Refunding Bond owner 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 proceeds of the sale of the Refunding Bonds to be deposited with the Paying Agent and the Paying Agent shall deposit or transfer the following amounts into the following accounts:

(A) \$\_\_\_\_\_ to the Escrow Agent for deposit into the Escrow Fund created pursuant to the Escrow Agreement, to pay the redemption price of the Refunded Prior

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Bonds and to pay the principal and interest on the Refunded Prior Bonds as set forth in Section 3.2 (Payment of Principal and Interest on Prior Bonds) below; and

(B) \$\_\_\_\_\_ for deposit 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 a date that is six months following the closing date of the Refunding Bonds, 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 Tax Collection Fund.

**Section 3.2 Payment of Principal and Interest on Prior Bonds.** From the amounts set aside in the Escrow Fund, the Paying Agent, as paying agent for the Prior Bonds, shall pay the principal and interest on the Refunded Prior Bonds as such amounts become due and payable on each February 1 and August 1, 2017 through 2019, in a manner consistent with the terms and conditions set forth in the Paying Agent Agreement related to the Prior Bonds, by and among the County of Yuba, the District, and the Paying Agent, dated August 1, 2009.

#### **ARTICLE IV REDEMPTION OF THE REFUNDING BONDS**

##### **Section 4.1 Redemption of the Refunding Bonds.**

(A) General. The Refunding Bonds shall be subject to redemption as provided in this Article.

(B) Optional Redemption. The Refunding Bonds maturing on or after August 1, 2027, shall be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after August 1, 2026, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(C) Mandatory Redemption. The Refunding Bonds maturing by their terms on August 1, 20\_\_ (the "20\_\_ Term Bond") and August 1, 20\_\_ (the "20\_\_ Term Bond"), are subject to mandatory redemption by the District prior to their maturity in part, by lot, from Mandatory Redemption Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption without premium, but which amounts will be proportionately reduced by the principal amount of such 20\_\_ Term Bond and 20\_\_ Series 2016 Term Bond, optionally redeemed.

##### **20\_\_ Term Bond**

**Mandatory Redemption Dates  
(August 1)**

**Mandatory Sinking  
Account Payment  
\$**

\_\_\_\_\_  
\* Final maturity

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## 20 Term Bond

### **Mandatory Redemption Dates (August 1)**

### **Mandatory Sinking Account Payment \$**

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*\* Final maturity*

**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;

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- (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;
- (x) notice that further interest on such Refunding Bonds will not accrue after the designated Redemption Date; and
- (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.

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**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 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 State of America 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 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.

**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.** No later than forty-five (45) days prior to the date any payment is due in respect of the Refunding Bonds, the Paying Agent shall send an invoice or similar notice to the District regarding such payment. At least one business day prior to the date any payment is due in respect of the Refunding Bonds, the District will cause the Treasurer to transfer from the Tax Collection Fund to the Paying Agent for deposit in the Debt Service Fund an amount 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, the County of Butte, and shall be performed by the Treasurer and the Treasurer of the County of Butte.

**Section 5.2 Obligation to Levy Taxes for Payment of Refunding Bonds.** The Boards of Supervisors and officers of the County and the County of Butte 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 and the County of Butte to ensure that the Boards of Supervisors shall annually levy a tax upon all taxable property 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 Bond owners all

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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 who 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 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

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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 Bond owner or agent of the Bond owner.

(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.

**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.

**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;

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(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 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 executed by their duly authorized officers as of the date first written above.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Gay Todd, Ed.D., Superintendent

**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 BONDS

REGISTERED  
NO. R-\_\_\_

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

#### MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT 2016 GENERAL OBLIGATION REFUNDING BONDS

MATURITY DATE	INTEREST RATE PER ANNUM	DATE	CUSIP NO.
August 1, 20__	%	[CLOSING DATE]	

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, 2017, and semiannually thereafter on February and August 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, 2016 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, 2016, 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 I 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.

Bonds maturing on or after August 1, 2027, shall be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole, or in part on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after August 1, 2026, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Bonds maturing by their terms on August 1, 20\_\_ (the "20\_\_ Term Bond") and August 1, 20\_\_ (the "20\_\_ Term Bond"), are subject to mandatory redemption by the District prior to their maturity in part, by lot, from Mandatory Redemption Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption without premium, but which amounts will be proportionately reduced by the principal amount of such 20\_\_ Term Bond and 20\_\_ Series 2016 Term Bond, optionally redeemed.

**20\_\_ Term Bond**

**Mandatory Redemption Dates  
(August 1)**

**Mandatory Sinking  
Account Payment  
\$**

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\* *Final maturity*

**20\_\_ Term Bond**

**Mandatory Redemption Dates  
(August 1)**

**Mandatory Sinking  
Account Payment  
\$**

---

\* *Final maturity*

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,

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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, condition, 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 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.

**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 of the Board.

By: \_\_\_\_\_  
President of the Board of Trustees  
of the Marysville Joint Unified School  
District

Countersigned:

By: \_\_\_\_\_  
Secretary of the Board of the Trustees  
of the Marysville Joint Unified School  
District

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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: [CLOSING DATE]

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

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

## **ASSIGNMENT**

For value received \_\_\_\_\_ sell, assign and transfer unto  
\_\_\_\_\_ the within Bond and 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: \_\_\_\_\_

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

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions with membership in and approved signature guarantee medallion programs) pursuant to Securities and Exchange Commission Rule 17A(d)15.

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 Parker & Covert LLP in connection with the issuance of, and dated as of the date of the original delivery of, the 2016 General Obligation Refunding Bonds. A signed copy is on file in my office.

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Secretary of the Board of Trustees

**PARKER & COVERT LLP**  
**2520 Venture Oaks Way, Suite 190**  
**Sacramento, CA 95833**

[CLOSING DATE]

Board of Trustees  
Marysville Joint Unified School District

Re: Marysville Joint Unified School District  
2016 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, 2016 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 taxable at limited rates) to pay the Bonds. Yuba County and Butte County are required by law to include in their respective annual tax levies the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

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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,

PARKER & COVERT LLP

**[STATEMENT OF INSURANCE]**

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**ESCROW AGREEMENT**

**by and between the**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

**and**

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

**Dated November 1, 2016**

**relating to the**

**\$34,433,776.80**

**Marysville Joint Unified School District  
(Yuba County, California)**

**General Obligation Bonds, Election of 2008, Series 2009**

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## **ESCROW AGREEMENT**

This ESCROW AGREEMENT (the "Escrow Agreement"), dated November 1, 2016, by and between the MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT, a public agency duly organized and existing under and by virtue of the 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 and being qualified to accept and administer the trust hereby created (the "Bank"), as escrow agent (the "Escrow Agent");

### **WITNESSETH:**

**WHEREAS**, the County of Yuba and the District, previously issued \$34,433,776.80 principal amount of General Obligation Bonds, Election of 2008, Series 2009 (the "Prior Bonds"), pursuant to the Paying Agent Agreement dated August 1, 2009, by and among the County of Yuba, the District, and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "2009 Paying Agent Agreement");

**WHEREAS**, the District has determined that prudent management of the fiscal affairs of the District requires that it refund the outstanding current interest portion of the Prior Bonds that mature on August 1, 2020 through August 1, 2034, inclusive (the "Refunded Prior Bonds"), as provided herein;

**WHEREAS**, in order to implement the foregoing, the District duly issued \$[PAR AMOUNT] principal amount of its 2016 General Obligation Refunding Bonds (the "Refunding Bonds") pursuant to that certain paying agent agreement dated November 1, 2016 (the "Paying Agent Agreement"), by and between the District and the Bank, as paying agent (the "Paying Agent");

**WHEREAS**, the District has taken action to cause to be made available for purchase by the Escrow Agent, from amounts on deposit in the 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 amount that will be sufficient to provide for the payment of the redemption price of the Refunded Prior Bonds on August 1, 2019, together with interest accrued on the Refunded Prior Bonds to that date;

**WHEREAS**, the provisions of the 2009 Paying Agent Agreement and the Paying Agent Agreement 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 Maintenance of the Escrow Fund.** The Escrow Agent agrees to establish and maintain the Escrow Fund (the "Escrow Fund") until all the Refunded Prior Bonds have been redeemed and interest thereon paid as provided herein. The Escrow Agent shall, except as provided in Section 2 hereof, hold the Escrow Securities and the

money (whether constituting the initial deposit in the Escrow Fund or constituting receipts on the Escrow Securities) in the 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 Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 3 hereof, to secure the redemption of the Refunded Prior Bonds on August 1, 2019 (the "Redemption Date") and to pay interest on the Refunded Prior Bonds to that date, as provided herein. The Escrow Agent shall, on the date of execution and delivery of this Escrow Agreement, accept from the Paying Agent \$\_\_\_\_\_ and deposit it into the Escrow Fund.

**Section 2. Investment of Money in the Escrow Fund.** The District hereby directs the Escrow Agent to purchase the Escrow Securities at a price of \$\_\_\_\_\_ with amounts in the Escrow Fund and retain the balance of \$\_\_\_\_\_ in cash in the 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 Fiscal Service 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 3. Payment from the 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 Escrow Fund, together with any other money, for (a) payment of the principal and interest on the Refunded Prior Bonds as such amounts become due and payable on each February 1 and August 1, 2017 through 2019, (b) payment of interest on the Refunded Prior Bonds to August 1, 2019, and (c) payment of the redemption price of the Refunded Prior Bonds on August 1, 2019, as set forth in Schedule II attached hereto.

**Section 4. Deficiencies in the Escrow Fund.** If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make the payments required by Section 3 hereof, the Escrow Agent shall notify the District in writing, as soon as reasonably practicable of such fact, stating the amount of such deficiency, and the reason therefore (if known to it). The District shall use its best efforts to obtain and deposit with the Escrow Agent, for deposit in the Escrow Fund, such additional money as may be required to provide for the making of all such payments, provided that, such additional money may be deposited solely from lawfully available funds of the District or from a special appropriation made by the District for such purpose, which appropriation shall at all times be subject to the sole discretion of the District. The District shall incur no liability, however, if such additional

moneys are unavailable or are not sufficient for such purpose. The Escrow Agent shall in no event or manner be liable for any such deficiency in the Escrow Fund or be responsible for the failure of the District to make any such deposit.

**Section 5. Notices of Defeasance and Redemption.** The District hereby irrevocably instructs the Escrow Agent, in accordance with the terms and conditions of the 2009 Paying Agent Agreement, to provide notices of defeasance and redemption for the Refunded Prior Bonds, such notices were to be provided in the time and manner specified in the 2009 Paying Agent Agreement and substantially in the forms of Exhibit A and Exhibit B, respectively.

**Section 6. Compensation and Indemnification of the Escrow Agent.** (a) The District shall pay the Escrow Agent an annual fee for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket costs such as publication costs, redemption expenses, and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon, by the District and the Escrow Agent; provided that these fees and expenses shall in no event be deducted from the Escrow Fund. Under no circumstances shall the Escrow Agent assert liens on the Escrow Fund for any of its fees or expenses.

(b) The District agrees to indemnify the Escrow Agent, its directors, agents and its officers or employees for, and hold the Escrow Agent, its directors, agents and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the Escrow Agent.

(c) The obligations of the District hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation or removal of the Escrow Agent.

**Section 7. Functions of the Escrow Agent.**

(a) Moneys held by the Escrow Agent hereunder are to be held and applied for (1) principal and interest on the Refunded Prior Bonds as such amounts become due and payable on each February 1 and August 1, 2017 through 2019, (2) interest on the Refunded Prior Bonds until August 1, 2019, and (3) the redemption price of the Refunded Prior Bonds on August 1, 2019 in accordance with the 2009 Paying Agent Agreement.

(b) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(c) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as

stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(d) 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.

(e) Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action

(f) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct, or the negligence or willful misconduct of its officers, or employees. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Official Notice of Sale dated \_\_\_\_\_, 2016 and the Award of Bonds to [UNDERWRITER] dated [SALE DATE] (collectively, the "Award of Bonds"), or the Paying Agent Agreement, or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(g) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(h) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Bond Purchase Agreement or the Paying Agent Agreement.

(i) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunding Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the District.

(j) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal, interest, and redemption premium, if any, with respect to the Refunded Prior Bonds in accordance with Section 3 above.

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(k) The Escrow Agent shall not be liable for any action or omission of the District under this Escrow Agreement or the Award of Bonds or the Paying Agent Agreement.

(l) The Escrow Agent may at any time resign by giving written notice to the District of such resignation, whereupon the District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective sixty (60) days after notice of the resignation is given as stated above or upon appointment of a successor Escrow Agent, whichever first occurs. If the District does not appoint a successor Escrow Agent by the resignation effective date, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the escrow securities and money or other property held by it in trust under the Escrow Agreement), which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(m) The Escrow Agent will provide the District with monthly statements of the account maintained hereunder, provided, however, that the Escrow Agent shall not be required to provide such monthly statement for a month in which there is no account activity.

**Section 8. 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 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 9. 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 unqualified 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 Prior Bonds, as evidenced by an opinion of bond counsel delivered to the Escrow Agent, the written consent of the registered owners of all Refunded Prior Bonds then outstanding.

**Section 10. Governing Law.** The Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 11. 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:

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If to the District: Marysville Joint Unified School District  
1919 B Street  
Marysville, CA 95901  
Attn: Assistant Superintendent of Business Services

If to the Escrow Agent: The Bank of New York Mellon Trust Company, N.A.  
2001 Bryan Street, 11<sup>th</sup> Floor  
Dallas, TX 75201  
Attn.: Corporate Trust Services

**Section 12. 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 13. 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.

*[Remainder of Page Left Intentionally Blank]*

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**IN WITNESS WHEREOF**, the District and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized officers as of the day and year first above written.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Gay Todd, Ed.D., Superintendent

**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 Certificate of Indebtedness  
State and Local Government Series**

<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>
\$	%		

**United States Treasury Note  
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**

**Payment Schedule for Refunded Prior Bonds**

<b><u>Payment Date</u></b>	<b><u>Amount</u></b>
	\$

**EXHIBIT A**

**NOTICE OF DEFEASANCE**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2008, SERIES 2009  
CURRENT INTEREST BONDS  
MATURING AUGUST 1, 2019 THROUGH AUGUST 1, 2034**

NOTICE IS HEREBY GIVEN pursuant to the Paying Agent Agreement dated August 1, 2009 (the "Paying Agent Agreement"), 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., which authorized the issuance of the above-captioned bonds, dated August 25, 2009 (the "Refunded Bonds"), that the District has deposited in escrow with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), money and United States Treasury obligations, in the necessary amount (as evidenced in a verification report provided to the Escrow Agent) to pay interest on the Refunded Bonds to and including August 1, 2019, and to redeem all of the Refunded Bonds on August 1, 2019.

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

The Escrow Agent will send a notice of redemption to the Owners of the Refunded Bonds prior to the redemption date in accordance with the requirements of the Paying Agent Agreement.

THIS IS NOT A NOTICE OF REDEMPTION. THIS NOTICE OF DEFEASANCE IS FOR INFORMATION PURPOSES ONLY, AND DOES NOT REQUIRE OR SOLICIT THE PRESENT SURRENDER OF THE DESCRIBED REFUNDED BONDS.

DATED: [Date of Notice Generation]

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as escrow agent**

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

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**EXHIBIT B**

**NOTICE OF REDEMPTION**

**OF THE**

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
YUBA COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS  
ELECTION OF 2008, SERIES 2009  
CURRENT INTEREST BONDS  
MATURING AUGUST 1, 2019 THROUGH AUGUST 1, 2034**

**NOTICE IS HEREBY GIVEN** pursuant to the Paying Agent Agreement dated August 1, 2009 (the "Paying Agent Agreement"), 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., which authorized the issuance of the above-captioned bonds, dated August 24, 2009 (the "Refunded Bonds"), that:

The District has called for redemption, on August 1, 2019 (the "Redemption Date"), all of the Refunded Bonds, which are currently outstanding in an aggregate principal amount of \$ \_\_\_\_\_, at a redemption price equal to the principal amount thereof, without premium.

The Refunded Bonds are further identified as follows:

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP*</u>
	\$	%	

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

Payment of the Refunded Bonds will be made upon presentation and surrender of the Refunded Bonds in the following manner.

<u>By registered or Certified Mail:</u>	<u>If in person, by hand:</u>	<u>By Air Courier:</u>

*\*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.*

Our customer service number is \_\_\_\_\_.

Registered or certified mail is suggested when submitting the Refunded Bonds for payment.

When inquiring about this redemption, please have the Refunded Bond certificate number available. Please inform the customer service representative of the CUSIP number(s) of the affected Refunded Bonds.

DATED: [Date of Notice Generation]

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as escrow agent**

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

**NOTICE**

Federal law requires the Escrow Agent to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit **[www.irs.gov](http://www.irs.gov)** for additional information on the tax forms and instructions.

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

**Standard & Poor's Rating: " \_ "**  
**See "Rating" herein**

*In the opinion of Parker & Covert LLP, 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 opinion of Bond Counsel, 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 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 "Tax Matters."*

**\$24,755,000\***

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**(Yuba and Butte Counties, California)**  
**2016 GENERAL OBLIGATION REFUNDING BONDS**

**Dated: Date of Delivery**

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

The Marysville Joint Unified School District, 2016 General Obligation Refunding Bonds (the "Bonds"), in the aggregate principal amount of \$24,755,000\* are being issued by the Marysville Joint Unified School District (the "District"), to provide funds to (i) advance refund certain outstanding general obligation bonds of the District originally issued for authorized school purposes, and (ii) pay costs of issuance of the Bonds.

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

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

Interest on the Bonds accrues from their date of delivery and is payable on February 1, 2017, and semiannually thereafter on February 1 and August 1 of each year. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

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

The District has applied for municipal bond insurance with respect to the Series A Bonds. Such insurance, if committed, will be available at the option of the bidder.

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

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

*The Bonds are offered when, as and if issued, subject to the approval as to their legality by Parker & Covert LLP, Sacramento, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Parker & Covert LLP, Sacramento, California, as Disclosure Counsel to the District. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company, on or about November 10, 2016.*

This Official Statement is dated October \_\_, 2016.

\* Preliminary, subject to change  
 35768v3 / MARSVJ.35.2

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**\$24,755,000\***  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**(Yuba and Butte Counties, California)**  
**2016 GENERAL OBLIGATION REFUNDING BONDS**

**MATURITY SCHEDULE\***  
**\$\_\_\_\_\_ \* Serial Bonds**

<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP®†</b>

\$\_\_\_\_\_ % Term Bond due August 1, 20\_\_ – Yield: \_\_. \_\_ % - CUSIP®† \_\_\_\_\_

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2016 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter, the District, Bond Counsel, nor Disclosure Counsel is responsible for the selection or correctness of the CUSIP® numbers set forth above.

\* Preliminary, subject to change

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

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

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**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Yuba and Butte Counties, California**

**DISTRICT BOARD OF TRUSTEES**

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

**DISTRICT ADMINISTRATION**

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

**MUNICIPAL ADVISOR**

KNN Public Finance, LLC  
Oakland, California

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Parker & Covert LLP  
Sacramento, California

**PAYING AGENT AND ESCROW AGENT**

The Bank of New York Mellon Trust Company, N.A.  
Dallas, Texas

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## OFFICIAL STATEMENT

**\$24,755,000\***

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
(Yuba and Butte Counties, California)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached appendices, is to set forth certain information concerning the issuance, sale, and delivery of the Marysville Joint Unified School District, 2016 General Obligation Refunding Bonds (the "Bonds"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Paying Agent Agreement (as defined below).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the 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 and a portion of Butte County. The District is a unified district, providing K-12 public education to approximately 9,750 students at fourteen elementary schools, three intermediate schools, two comprehensive high schools, two alternative high schools, one independent study program serving grades kindergarten through twelve, a charter school for the arts for grades seven through twelve, and preschool and day care centers. Annual average daily attendance in the District was 9,190 for fiscal year 2015-16, and is projected to be 9,319 for fiscal year 2016-17, and 9,319 for fiscal year 2017-18. The District is governed by a seven-member Board of Trustees (the "District Board"), each member of which is elected to a four-year term. See Appendix A – "The District – General and Financial Information" herein.

#### **Authority for Issuance of the Bonds**

The Bonds are issued by the District under and pursuant to the Constitution and laws of the State of California, including the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and applicable provisions of the Education Code, and a paying agent agreement (the "Paying Agent Agreement") dated as of November 1, 2016, between the District and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"). The 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 change

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The bonds to be refunded were authorized at an election held on November 4, 2008 (the "2008 Election") by more than 55% of the votes cast by eligible voters within the District. The 2008 Election authorized the issuance of bonds in an aggregate principal amount not to exceed \$47 million for school purposes.

### **Purpose of Issue**

The Bonds are being issued to (a) advance refund the outstanding current interest portion of the Marysville Joint Unified School District, Yuba County, California, General Obligation Bonds, Election of 2008, Series 2009, maturing on August 1, 2020 through August 1, 2034 (inclusive) (the "Refunded Bonds"), and (b) pay for costs of issuance of the Bonds. See "Plan of Refunding" herein.

### **Security for the Bonds**

The Bonds are general obligations of the District. 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 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 Sources of Payment for the Bonds" herein.

### **Description of the Bonds**

The Bonds will bear interest from their date of delivery. Interest on the Bonds is payable on February 1, 2017, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date") and computed on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof. See "The Bonds" herein.

### **Registration**

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") under the book entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. If use of the book-entry-only system is discontinued with respect to the Bonds, the Bonds will be registered in accordance with the Paying Agent Agreement, as described herein. See "The Bonds – Registration, Transfer and Exchange of Bonds" and Appendix F – "Book-Entry-Only System" for additional information.

### **Redemption**

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as described herein. See "The Bonds – Redemption."

### **Bond Insurance**

The District has applied for municipal bond insurance with respect to the Bonds. Such insurance, if committed, will be available at the option of the bidder.

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

The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Parker & Covert LLP, Sacramento, California, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about November 10, 2016.

## **Tax Matters**

In the opinion of Parker & Covert LLP, 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 opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal individual or corporate alternative minimum taxes; however, such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Bonds or the accrual or receipt of such interest. See "Tax Matters."

## **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 E – "Form of Continuing Disclosure Certificate." See also "Continuing Disclosure" herein.

## **Professionals Involved in the Offering**

Parker & Covert LLP, Sacramento, California, is serving as Bond Counsel and Disclosure Counsel to the District for the issuance of the Bonds. KNN Public Finance, LLC, Newport Beach, California, will serve or is serving as municipal advisor to the District in connection with the sale of the Bonds. Bond Counsel, Disclosure Counsel, and the Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will serve as Paying Agent and Escrow Agent with respect to 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. This Official Statement contains brief descriptions of the Bonds, the Paying Agent Agreement, and other documents related to the Bonds. Such descriptions are not comprehensive or definitive and are qualified in their entirety by reference to such documents. Copies of documents referred to herein and information concerning the Bonds are available from the District, 1919 B Street, Marysville, California 95901. The District may impose a charge for copying, mailing and handling.

## **PLAN OF REFUNDING**

A portion of the proceeds from the sale of the Bonds will be used to advance refund the Refunded Bonds. The funds will be deposited in an irrevocable escrow established pursuant to an Escrow Agreement dated November 1, 2016, between the District and The Bank of New York Mellon Trust

Company, N.A., as escrow agent. The funds in the escrow will be invested in certain noncallable direct obligations of the United States Treasury and/or open market securities. Upon delivery of the Bonds, [VERIFICATION AGENT] will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the adequacy of escrowed funds and securities and the interest thereon to pay the redemption price of the Bonds. Monies in the escrow fund will be applied to the redemption of the Refunded Bonds, described below.

**Summary of Refunded Bonds**

<b><u>Maturity Date (August 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Call Date (August 1)</u></b>	<b><u>CUSIP Base: 574344</u></b>
2020	\$1,000,000	5.500%	2019	NB9
2021	1,160,000	5.500	2019	NC7
2022	570,000	5.500	2019	ND5
2027	1,955,000	5.500	2019	NE3
2028	2,200,000	5.500	2019	NF0
2029	2,465,000	5.250	2019	NG8
2030	2,740,000	5.000	2019	NH6
2031	3,035,000	5.000	2019	NJ2
2032	3,350,000	5.125	2019	NK9
2034	7,745,000	5.125	2019	NL7

**Summary of Unrefunded Bonds**

**Current Interest Bonds**

<b><u>Maturity Date (August 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>CUSIP Base: 574344</u></b>
2017	\$610,000.00	5.000%	MY0
2018	730,000.00	5.500	MZ7
2019	860,000.00	5.500	NA1

**Capital Appreciation Bonds**

<b><u>Maturity Date (August 1)</u></b>	<b><u>Initial Principal Amount</u></b>	<b><u>Accretion Rate</u></b>	<b><u>Maturity Value</u></b>	<b><u>CUSIP Base: 574344</u></b>
2022	213,717.85	10.000%	\$755,000.00	NM5
2023	407,357.90	9.400	1,465,000.00	NN3
2024	624,795.20	6.310	1,580,000.00	NP8
2025	620,251.35	6.410	1,695,000.00	NQ6
2026	622,890.75	6.450	1,825,000.00	NR4
2035	708,929.50	7.210	4,450,000.00	NS2
2036	685,834.25	7.230	4,645,000.00	NT0

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## THE BONDS

### Authority for Issuance

The Bonds will be issued pursuant to the Constitution and the laws of the State, including the provisions of Articles 9 and 11 of Chapter 3 and of Part 1 of Division 2 of Title 5 of the California Government Code and applicable provisions of the California Education Code, and the Paying Agent Agreement. The 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 an election held on November 4, 2008 (the "2008 Election") by more than 55% of the votes cast by eligible voters within the District. The 2008 Election authorized the issuance of bonds in an aggregate principal amount not to exceed \$47 million for school purposes. On August 25, 2009, the Yuba County (the "County") Board of Supervisors issued, on behalf of the District, \$34,433,776.80 of General Obligation Bonds, Election of 2008, Series 2009 (the "Series 2009 Bonds").

### Purpose of the Bonds

Proceeds of the Bonds will be applied to (a) advance refund the Refunded Bonds, and (b) pay for costs of issuance of the Bonds.

### Description of the Bonds

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

The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof. The Bonds are dated their date of delivery and will bear interest from such date. Interest on the Bonds is payable on February 1, 2017, and semiannually thereafter on February 1 and August 1 of each year.

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

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

The Paying Agent, the District, the County, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of



beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

## Redemption

**Optional Redemption.** The Bonds maturing on or after August 1, 2027, are subject to redemption prior to their respective stated maturity dates, at the option of the District, as a whole or in part among maturities on such basis as shall be designated by the District and by lot within each maturity, from any source of available funds, on any date on or after August 1, 2026, at the principal amount of Bonds called for redemption, plus accrued interest thereon to the date of redemption, without premium.

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

\$ [amount] Term Bonds Maturing on August 1, 20\_\_

**Redemption Date  
(August 1)**

**Principal Amount**

\$

20\_\_<sup>1</sup>

<sup>1</sup>Maturity

\$ [amount] Term Bonds Maturing on August 1, 20\_\_

**Redemption Date  
(August 1)**

**Principal Amount**

\$

20\_\_<sup>1</sup>

<sup>1</sup>Maturity

**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 date fixed for redemption, 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

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

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

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

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

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

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

**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.

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

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

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

Upon surrender of a Bond for transfer at the Paying Agent's Office, the District shall 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, interest rate, 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, interest rate, and maturity, upon surrender of the Bonds for exchange at the Paying Agent's Office. Upon surrender of Bonds for exchange, the District shall execute and, if required, the Paying Agent shall authenticate and deliver the Bonds that the Bondholder making the exchange is entitled to receive.

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 Owner or by his attorney duly authorized in writing. All fees and costs of any transfer or exchange of Bonds shall be paid by the Bondholder requesting such transfer or exchange.

No transfer or exchanges of Bonds are 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.

#### **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 noncallable direct obligations of the United States of America or other noncallable 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.

### ESTIMATED SOURCES AND USES OF FUNDS

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

<b>Sources:</b>		
	Principal Amount of Bonds	\$
	Net Original Issue Premium/Discount	
	<b>Total Sources:</b>	\$
<b>Uses:</b>		
	Deposit to Escrow Fund	\$
	Costs of Issuance <sup>(1)</sup>	
	<b>Total Uses:</b>	\$

- (1) Includes the premium for a policy of municipal bond insurance (if any), fees of the municipal advisor, Underwriter's discount, costs of printing, Paying Agent fees, legal fees, rating agency fees, verification fees, and miscellaneous other costs of issuance.

### DEBT SERVICE SCHEDULE

Debt service on the Bonds, assuming no optional redemptions (except for mandatory sinking fund redemption), is as shown in the following table.

<b>Year Ending (August 1)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$	\$	\$
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
<b>Total</b>	\$	\$	\$

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## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### ***Ad Valorem Property Taxes***

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

Such taxes, when collected, will be deposited into a debt service fund that is maintained by the District. The Counties will transfer monies from the taxes collected to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable.

Although the Counties are obligated to levy *ad valorem* taxes for the payment of Bonds, the Bonds are not a debt of the Counties.

### **Property Tax Collection Procedures**

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

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

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).

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### **Alternative Method of Tax Apportionment – Teeter Plan.**

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 of Supervisors 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 on 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.

### **Assessed Valuations**

The assessed valuation of property in the District is established by the respective county assessors, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the Consumer Price Index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners.

State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the county assessor, who may grant or refuse the request, and may appeal an assessment directly to the county board

of equalization, which rules on appealed assessments whether or not settled by the county assessor. The county assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

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

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

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

Shown in the following table are the assessed valuations for the District since fiscal year 2011-12. Local secured assessed values include net local secured, secured homeowner exemption, and utility values. Unsecured assessed values include net local unsecured and unsecured homeowner exemption values.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Assessed Valuation**

**Fiscal Year 2011-12 through Fiscal Year 2016-17**

Fiscal Year	Local Secured	Unsecured	Total	Percent Change
2011-12	3,277,436,828	187,833,796	3,465,270,624	--
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
2015-16	3,531,848,033	184,082,492	3,715,930,525	4.0
2016-17	3,674,716,140	181,782,951	3,856,499,091	3.8

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

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The land use of property in the District as of fiscal year 2015-16 is shown below, as measured by local secured assessed valuation and number of parcels.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Secured Roll Assessed Valuation and Parcels by Land Use**  
**Fiscal Year 2015-16**

Non Residential:	2015-16 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
Agricultural/Rural	\$458,931,394	13.06%	1,818	7.12%
Commercial/Office	255,573,437	7.27	565	2.21
Vacant Commercial	23,239,369	0.66	239	0.94
Industrial	164,593,541	4.68	153	0.60
Vacant Industrial	7,872,437	0.22	76	0.30
Recreational	14,272,074	0.41	22	0.09
Government/Social/Institutional	12,242,854	0.35	1,264	4.95
Miscellaneous	22,084,215	0.63	82	0.32
Subtotal Non-Residential	\$958,809,321	27.28%	4,219	16.52%
Residential:				
Single-Family Residence	\$2,037,489,724	57.97%	14,131	55.34%
Condominium/Townhouse	11,650,683	0.33	238	0.93
Mobile Home	196,883,421	5.60	2,484	9.73
Mobile Home Park	21,431,011	0.61	29	0.11
Hotel/Motel	13,085,206	0.37	13	0.05
2-4 Residential Units	40,509,226	1.15	380	1.49
5+Residential Units/Apartments	100,306,747	2.85	201	0.79
Miscellaneous Residential	16,436,155	0.47	225	0.88
Vacant Residential	118,141,121	3.36	3,614	14.15
Subtotal Residential	\$2,555,933,294	72.72%	21,315	83.48%
Total	\$3,514,742,615	100.00%	25,534	100.00%

<sup>(1)</sup> Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

The following table shows the 2015-16 assessed valuation of property in the District by jurisdiction.

**MARYSVILLE JOINT UNIFIED DISTRICT**  
**Assessed Valuation by Jurisdiction**  
**Fiscal Year 2015-16**

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Marysville	\$ 616,620,090	16.59%	\$ 616,620,090	100.00%
Unincorporated Yuba County	3,055,062,768	82.22	4,081,562,656	74.85
Unincorporated Butte County	44,247,667	1.19	8,105,625,686	0.55
Total District	\$3,715,930,525	100.00%		
Yuba County	\$3,671,682,858	98.81%	\$ 4,932,634,820	74.44%
Butte County	44,247,667	1.19	19,509,128,902	0.23
Total District	\$3,715,930,525	100.00%		

Source: California Municipal Statistics, Inc.

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Set forth in the following table is the per parcel assessed valuation of single family homes in the District for fiscal year 2015-16.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Per Parcel Assessed Valuation of Single Family Homes**  
**Fiscal Year 2015-16**

	No. of Parcels	2015-16		Average	Median	
		Assessed Valuation		Assessed Valuation	Assessed Valuation	
Single Family Residential	14,131	\$2,037,489,724		\$144,186	\$123,214	
2015-16 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	257	1.819%	1.819%	\$ 4,633,249	0.227%	0.227%
\$25,000 - \$49,999	1,250	8.846	10.664	49,144,881	2.412	2.639
\$50,000 - \$74,999	1,804	12.766	23.431	112,781,059	5.535	8.175
\$75,000 - \$99,999	2,080	14.719	38.150	181,548,612	8.910	17.085
\$100,000 - \$124,999	1,772	12.540	50.690	198,487,239	9.742	26.827
\$125,000 - \$149,999	1,446	10.233	60.923	196,887,331	9.663	36.490
\$150,000 - \$174,999	1,278	9.044	69.967	205,903,888	10.106	46.596
\$175,000 - \$199,999	953	6.744	76.711	178,465,913	8.759	55.355
\$200,000 - \$224,999	986	6.978	83.688	209,196,766	10.267	65.622
\$225,000 - \$249,999	697	4.932	88.621	163,971,882	8.048	73.670
\$250,000 - \$274,999	452	3.199	91.819	117,481,449	5.766	79.436
\$275,000 - \$299,999	319	2.257	94.077	91,316,663	4.482	83.918
\$300,000 - \$324,999	208	1.472	95.549	64,820,506	3.181	87.099
\$325,000 - \$349,999	154	1.090	96.639	51,809,716	2.543	89.642
\$350,000 - \$374,999	117	0.828	97.467	42,149,208	2.069	91.711
\$375,000 - \$399,999	109	0.771	98.238	42,115,830	2.067	93.778
\$400,000 - \$424,999	57	0.403	98.641	23,484,308	1.153	94.930
\$425,000 - \$449,999	50	0.354	98.995	21,768,890	1.068	95.999
\$450,000 - \$474,999	35	0.248	99.243	16,154,758	0.793	96.792
\$475,000 - \$499,999	20	0.142	99.384	9,797,450	0.481	97.273
\$500,000 and greater	87	0.616	100.000	55,570,126	2.727	100.000
	14,131	100.000%		\$2,037,489,724	100.000%	

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

Source: California Municipal Statistics, Inc.

### Typical Tax Rates

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

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 11.47% of the total assessed value of taxable property in the District.

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**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Typical Tax Rates per \$100 of Assessed Valuation (TRA 001-001)<sup>(1)</sup>**

	2011-12	2012-13	2013-14	2014-15	2015-16
General	1.000000	1.000000	1.000000	1.000000	1.000000
Marysville Joint Unified School District	.113709	.119548	.119795	.121717	.115075
Yuba Joint Community College District	.025099	.024707	.027423	.025002	.024935
Total	1.138808	1.144255	1.147218	1.146719	1.140010

(1) The 2015-16 assessed valuation of TRA 001-001 is \$426,160,875 which comprises 11.47% of the total assessed valuation of taxable property within the district.

Source: California Municipal Statistics, Inc.

**Largest Property Owners**

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2015-16.

The more property (by assessed value) owned by a single taxpayer in the District, the more tax collections are exposed to weaknesses in such taxpayer's financial situation and its ability or willingness to pay property taxes. In 2015-16 no single taxpayer owned more than 0.8% of the total secured taxable property in the District. Each taxpayer listed below 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 this table.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Largest Local Secured Taxpayers**  
**Fiscal Year 2015-16**

	Property Owner	Primary Land Use	2015-16 Assessed Valuation	% of Total <sup>(1)</sup>
1.	Western Aggregates Inc.	Industrial – Mining	\$ 27,543,825	0.78%
2.	Hampac LLC	Office Building	21,000,001	0.60
3.	Wal-Mart Real Estate Business Trust	Shopping Center	17,401,332	0.50
4.	Airport Ranch Co.	Agricultural	16,881,203	0.48
5.	Recology Yuba Sutter	Waste Management	14,806,550	0.42
6.	Nordic Industries Inc.	Light Industrial	13,288,806	0.38
7.	Naumes Inc.	Agricultural	12,545,570	0.36
8.	Shintaffer Farms Inc.	Food Processing	11,268,630	0.32
9.	Fellowship of Friends Inc.	Agricultural	11,214,480	0.32
10.	R B Satori LP	Agricultural	10,916,917	0.31
11.	VTR Marysville Assisted Living LP	Assisted Living Facility	10,400,000	0.30
12.	Soper Company	Forest Products	10,101,572	0.29
13.	California Water Service Company	Water Company	9,907,047	0.28
14.	James J. Hill III	Agricultural	9,356,202	0.27
15.	Sarbit S. and Prabhjot K. Johl	Agricultural	9,291,015	0.26
16.	Thomas L. and Diana L. Bloxham	Agricultural	9,083,204	0.26
17.	LJ Rice Farms LLC	Agricultural	8,832,417	0.25
18.	Farmland Reserve Inc.	Agricultural	8,460,044	0.24
19.	La Paloma Apartments LLC	Apartments	8,342,400	0.24
20.	Feather River Center LLC	Shopping Center	8,258,679	0.23
			<u>\$248,899,894</u>	<u>7.08%</u>

<sup>(1)</sup> 2015-16 Local Secured Assessed Valuation: \$3,514,742,615.

Source: California Municipal Statistics, Inc.

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## Direct and Overlapping Debt

Set forth below is a statement of direct and overlapping bonded debt (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated September 18, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the Debt Report.

### MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt Dated as of September 18, 2016

2015-16 Assessed Valuation: \$3,715,930,525

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/16</u>
Yuba Joint Community College District	13.449%	\$ 21,684,202
<b>Marysville Joint Unified School District</b>	<b>100.</b>	<b>64,408,777<sup>(1)</sup></b>
Yuba County Community Facilities District No. 2004-1	100.	15,790,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$101,882,979</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Butte County Certificates of Participation	0.227%	\$ 32,093
Butte County Pension Obligation Bonds	0.227	110,050
Yuba County General Fund Obligations	74.437	43,763,795
Yuba County Board of Education Certificates of Participation	74.437	1,828,004
Yuba Joint Community College District General Fund Obligations	13.449	2,001,707
<b>Marysville Joint Unified School District</b>	<b>100.</b>	<b>20,866,099</b>
City of Marysville General Fund Obligations	100.	7,510,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$76,111,748</b>
 <b>COMBINED TOTAL DEBT:</b>		 <b>\$177,994,727<sup>(2)</sup></b>

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

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

#### Ratios to 2015-16 Assessed Valuation:

<b>Direct Debt (\$64,408,777)</b> .....	<b>1.73%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.74%
<b>Combined Direct Debt (\$85,274,876)</b> .....	<b>2.29%</b>
Combined Total Debt .....	4.79%

Source: California Municipal Statistics, Inc.

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## **BOND INSURANCE**

The District has applied for municipal bond insurance with respect to the Bonds. Such insurance, if committed, will be available at the option of the bidder.

## **LEGAL MATTERS**

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

## **TAX MATTERS**

In the opinion of Parker & Covert LLP, Sacramento, California, Bond Counsel, based upon the analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other matters, 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. In the further opinion of Bond Counsel, interest on the Bonds is not a specific 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 D.

The Internal Revenue Code of 1986, as amended, (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds.

The District has made certain representations and has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

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

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal

and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Bonds.

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

### CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") not later than April 15 following the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices will be filed by the District with the MSRB through its EMMA website. The specific nature of the information to be contained in the Annual Report and in the event notices is described in Appendix E – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2 12(b)(5) (the "Rule").

In the past five years, the District has not complied in all material respects with its previous undertakings with regard to said Rule to provide annual reports and notices of significant events. Specifically, the following significant event notices were filed more than 10 business days after the occurrence of the event:

- On May 10, 2013, Standard & Poor's Global Ratings ("S&P") upgraded the reinsurer of the District's 2006 Certificates of Participation (the "2006 COPs"), resulting in an upgrade in the rating of the 2006 COPs. Due to administrative oversight, notice of the upgrade was not posted until April 11, 2014.
- On August 13, 2013, Moody's Investors Service ("Moody's") reinstated the rating of the 2006 COPs to the rating of the bond reinsurer. Due to administrative oversight, notice of the reinstatement was not posted until April 11, 2014.
- On March 18, 2014, S&P upgraded the reinsurer of the 2006 COPs, resulting in an upgrade of the rating of the 2006 COPs. Due to administrative oversight, notice of the upgrade was not posted until April 11, 2014.
- On March 18, 2014, S&P upgraded the bond insurer of the General Obligation Bonds, Election of 2006, Series 2008 (the "Series 2008 Bonds"), the General Obligation Bonds, Election of 2006, Series 2009 (the "Series 2009 Bonds"), and the District's 2012 Refunding Certificates of Participation (the "2012 COPs"), resulting in an upgrade of those three issues. Notices of the upgrades were posted for the Series 2008 Bonds, the Series 2009 Bonds and the 2012 COPs on April 4, 2014.
- On May 21, 2014, Moody's upgraded the reinsurer of the 2006 COPs, resulting in an upgrade of the rating of the 2006 COPs. Due to administrative oversight, notice of the upgrade was not posted until June 25, 2014.

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As of the date of this Official Statement, all required filings in the past five years have been made in connection with prior undertakings under the Rule. The District believes it has established processes to ensure it will make required filings on a timely basis in the future. The District has engaged KNN Public Finance, LLC to assist it in carrying out its continuing disclosure obligations.

## **LITIGATION**

### **No Litigation**

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

## **RATING**

S&P is expected to assign its underlying rating of “\_\_” to the Bonds. Such rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance the credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds were sold pursuant to a competitive bidding process on [SALE DATE], consistent with the terms set forth in an Official Notice of Sale for the Bonds.

The Bonds are being purchased by [UNDERWRITER] (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which equals the par amount of the Bonds (\$[PAR AMOUNT]), plus/less net original issue premium/discount (\$\_\_\_\_\_), and less underwriter's discount (\$\_\_\_\_\_). The Official Notice of Sale relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased) and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

## **INDEPENDENT AUDITORS**

The financial statements of the District as of and for the year ending June 30, 2015, have been audited by Crowe Horwath LLP, Sacramento, California (the “Auditor”). The audited financial statements of the District as of and for the year ended June 30, 2015, are set forth in Appendix B – “Audited Financial Statements of the District for Fiscal Year Ended June 30, 2015” 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.

#### **ADDITIONAL INFORMATION**

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

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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

#### **AUTHORIZATION**

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

#### **MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Gay Todd, Ed.D., Superintendent

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**APPENDIX A  
THE DISTRICT  
GENERAL AND FINANCIAL INFORMATION**

*The information in this section concerning the operations of the District and its finances is provided as supplementary information 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 Counties on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds.*

**GENERAL INFORMATION**

**Introduction**

The Marysville Joint Unified School District (the "District"), a political subdivision of the State of California, was organized in 1966 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 is a unified district, providing elementary and secondary public education to approximately 9,750 students, residing in and around the City of Marysville and within certain portions of the unincorporated area of the County of Yuba, at fourteen elementary schools, three intermediate schools, two comprehensive high schools, two alternative high schools, one independent study program serving grades kindergarten through twelve, a charter school for the arts for grades seven through twelve, 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.

Annual average daily attendance in the District was 9,190 for fiscal year 2015-16, and is projected to be 9,319 for fiscal year 2016-17, and 9,319 for fiscal year 2017-18.

**Governing Board**

The District's Board of Trustees ("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.

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Current members of the Board, their offices, and the expiration of their terms of office are shown below.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Governing Board**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Bernard P. Rechs	President	2016
Glen E. Harris	Vice President	2016
Jeff. D. Boom	Clerk	2018
Frank J. Crawford	Trustee Representative	2018
Anthony J. Dannible	Member	2016
Jim C. Flurry	Member	2016
Randy L. Rasmussen	Member	2018

**Superintendent and Administrative Personnel**

The Superintendent of the District is appointed by and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other District administrators. Gay Todd, Ed.D. is the District Superintendent. Ramiro Carreón is the Assistant Superintendent of Personnel Services and Ryan DiGiulio is the Assistant Superintendent of Business Services.

**Enrollment and Average Daily Attendance**

As described herein, prior to fiscal year 2013-14, State funding of public school districts was based on a formula which considered a revenue limit per unit of average daily attendance ("ADA"). ADA is a measurement of the number of pupils attending classes of the District. The Local Control Funding Formula ("LCFF"), described herein, was implemented in fiscal year 2013-14. Under the LCFF, public school districts in California receive based funding based on ADA, and may also be entitled to receive additional types of funding. See "Education Funding and Revenue Sources" 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.

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The following table shows the District's enrollment and ADA for each year from 2010-11 through 2015-16 and projected numbers for 2016-17 and 2017-18.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**Enrollment, Average Daily Attendance**  
**Fiscal Years 2010-11 to 2017-18**

Fiscal Year	Enrollment	Average Daily Attendance
2010-11	9,785	9,193
2011-12	9,589	9,135
2012-13	9,582	9,089
2013-14	9,493	9,128
2014-15	9,493	9,259
2015-16	9,638	9,190
2016-17 <sup>(1)</sup>	9,846	9,319
2017-18 <sup>(1)</sup>	9,846	9,319

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

Source: Marysville Joint Unified School District

The following table shows a breakdown of the District's fiscal years 2014-15, 2015-16, and 2016-17 (projected) ADA by grade span, total enrollment, and the percentage of students classified as English learners, low-income, of foster youth ("EL/LI").

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**ADA by Grade Span, Total Enrollment, and EL/LI Enrollment**  
**Fiscal Years 2014-15, 2015-16 and 2016-17 (projected)**

Average Daily Attendance <sup>(1)</sup>					Total District Enrollment	% EL/LI <sup>(2)</sup> Enrollment
	(By Grade Span)					
Fiscal Year	K-3	4-6	7-8	Total District		
2014-15	3,069	2,154	1,256	8,982	9,493	21.8%
2015-16	3,131	2,219	1,322	9,149	9,637	22.9%
2016-17 <sup>(3)</sup>	3,174	2,288	1,377	9,319	9,846	

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

<sup>(2)</sup> The percentage calculated for Fiscal Year 2014-15 is based on the average of 2013-14 and 2014-15 enrollment. Thereafter, the percentage will be calculated on the basis of the average of the current fiscal year and the prior two fiscal years.

<sup>(3)</sup> Projected.

Source: Marysville Joint Unified School District

## 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 2015-16 enrollment of approximately 350 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 B" herein). Paragon Collegiate Academy Charter School

serves grades kindergarten through eighth, with fiscal year 2015-16 enrollment of approximately 180 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 2015-16 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 2015-16.

#### **MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT Pupil-to-Teacher Ratios**

<u>Level</u>	<u>Pupil-Teacher Ratio</u>
Kindergarten – Third Grade	19:1
Fourth – Eighth Grade	28:1
Ninth – Twelfth Grade	27:1

*Source: Marysville Joint Unified School District*

### **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.

Set forth in the following table are the District’s bargaining units, number of full-time equivalent (“FTEs”) budgeted for fiscal year 2016-17, and contract expiration date.

#### **MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT Bargaining Units, Number of Employees and Contract Status**

<u>Bargaining Units</u>	<u>Full-Time Equivalents</u>	<u>Contract Expiration Date</u>
Marysville Unified Teachers’ Association	455.2	June 30, 2018
California School Employees Association #328 and 648	119.8	June 30, 2016
Operating Engineers Local #3	289.2	June 30, 2015

*Source: Marysville Joint Unified School District*

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The District has budgeted for fiscal year 2016-17 an additional 96.0 management and confidential FTEs not represented by a bargaining unit.

### **District Retirement Programs**

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

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("STRS") and classified employees are members of the Public Employees' Retirement System ("PERS"). Both STRS and PERS are operated on a statewide basis.

**STRS.** All full-time certificated employees participate in STRS, a cost-sharing, multiple employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. STRS is funded through a combination of investment earnings and statutorily set contributions from employee plan members, the District and the State.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the statutory contributions were significantly less than the actuarially required amounts. As a result, and due in part to investment losses, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$76.2 billion as of June 30, 2015 (the date of the last actuarial valuation).

In June 2014, the Governor signed into law Assembly Bill 1469 ("AB 1469"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan by requiring increased contributions phased in over the next several years. In particular, employee contributions increased to 8.15% of salary in 2014-15 and will increase to 10.25% in 2016-17 and thereafter. District contributions increased to 8.88% of payroll in 2014-15 and will increase incrementally to 19.1% by 2020-21. Thereafter, District contributions will be determined by the STRS governing board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046. The State's contribution rate increased from 3.454% in 2014-15 and will increase to 6.328% in 2016-17 and thereafter.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively, and is projected to be 12.58% in fiscal year 2016-17.

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

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Similar to STRS, PERS has experienced an unfunded liability in recent years. The PERS unfunded liability was approximately \$8.7 billion as of June 30, 2014 (the date of the last actuarial valuation). Among other things, to address this issue, the PERS Board of Administration (the "PERS Board"), in April 2013, approved changes to the PERS amortization and smoothing policy in order to reduce volatility in employer contribution rates. Additionally, in April 2014, the PERS Board established new contribution rates, reflecting changes in actuarial and demographic assumptions, to be implemented for school districts beginning this fiscal year 2016-17. The goal for the new rates is to eliminate the unfunded liability in approximately 30 years.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 11.771% and 11.847%, respectively, and is projected to be 13.888% and 15.500% in fiscal years 2016-17 and 2017-18, respectively.

**District Contributions.** The District's retirement contributions for the fiscal year ended June 30, 2016, were as follows:

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
Retirement Contributions for Fiscal Year 2015-16**

	Actual Number of Employees Covered	Total Employer Contributions	District's Fiscal Year 2015-16 Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
STRS	592	\$4,184,131	\$39,016,539	10.7%
PERS	519	2,017,734	17,031,702	11.8

Source: Marysville Joint Unified School District

For the 2016-17 Fiscal Year the District has budgeted \$6,494,301 for STRS (reflecting a contribution rate of 12.58% of annual payroll) and \$1,739,877 for PERS (reflecting a contribution rate of 15.000% of annual payroll).

The District can provide no assurances that the District's required contributions to STRS and PERS will not increase in the future.

**California Public Employees' Pension Reform Act of 2013.** The California Public Employees' Pension Reform Act of 2013 ("PEPRA") was signed in to law by the Governor on September 12, 2012. PEPRA's impacts to the STRS and PERS program included (i) an increase in the retirement age for public employees depending on job function, (ii) a cap on the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) a requirement for public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), and (iv) a requirement for final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date. Existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, as a result of negotiations with its employee bargaining units, and/or as a result of any legislative or administrative changes that may be adopted in the future regarding employer contributions to PERS and STRS. PERS' actuaries have estimated that recently adopted pension reform legislation may produce savings of between \$8.6 and \$10.8 million over

the next 30 years for the schools plans. STRS' actuaries estimate savings of approximately \$22.7 million over that same period. The District cannot predict whether any of those projected savings will be realized by the District.

**Implementation of GASB Nos. 68 and 71.** Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District was required to reflect a restatement of its beginning net position as of July 1, 2014. See Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2015" and particularly Notes 1, 7 and 8.

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

#### **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 described below. 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. Employees who retire from the District on or after attaining age 55 with at least 15 years of service for certificated and management employees, and classified employees who retire from the District on or after attaining the age of 60 with at least 20 years of service, are eligible to receive OPEB. Currently, 665 retirees meet those eligibility requirements.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions 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. The intent of Statement No. 45 is to quantify and disclose OPEB obligations, and it 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, 2016. 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 \$12,731,320. 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 \$16,722,823, leaving a residual AAL of negative \$3,991,503.

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, 2016, the ARC was determined to be \$1,775,016.

The District funds its OPEB liability on a "pay-as-you go" basis. In fiscal year 2015-16, the District paid \$2,330,239 in OPEB.

For additional information related to the District's OPEB plan, see Note 9 of the audited financial statements attached as Appendix B hereto.

## **Insurance**

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District participates in the Northern California Schools Insurance Group ("NCSIG"). The NCSIG arranges for and provides property and liability insurance to member school districts. The District also participates in the Schools insurance Group ("SIG"). SIG arranges for and provides workers' compensation insurance to member school districts. The District's risk management activities are recorded in the General Fund.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts did not exceed insurance coverage for the current year.

## **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 Counties 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 Sources of Payment for the Bonds."*

## **Education Funding and Revenue Sources**

Funding for the District's operations is provided by a mix of (1) local property taxes; (2) State apportionments of funding under the Local Control Funding Formula (described herein); (3) federal government grants; and (4) miscellaneous other revenues. Decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

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

**State Funding of Education. Revenue Limit.** Prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for

such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

Local Control Funding Formula. Beginning in Fiscal Year 2013-14, the bulk of apportionments of State funding to school districts for general purposes have been allocated pursuant to a new system referred to as the "Local Control Funding Formula" ("LCFF"). Under LCFF, revenue limits and most State-mandated categorical programs were eliminated. Instead, a locally-controlled system has been implemented whereby school districts receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. Now, apportionment to school districts are made on the basis of uniform, target base rates per unit of ADA for each of four grade spans, subject to several adjustments, as described below. The annual State general purpose apportionment received by a school district represents the difference between such district's total general purpose allocation and its share of the general purpose local property tax distributed to it by the county. A school district that has property tax revenues which exceed its entitlement under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding entitlement.

The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grant funding by grade span for fiscal year 2016-17 is set forth in the table below. The base rates for grades K-3 and 9-12 are increased (see table below), to cover the costs of class size reduction in the early grades and to support college and career readiness programs in high schools. These target base rates are to be updated each year for cost-of-living adjustments ("COLAs").

<u>Grade Span</u>	<u>2015-16 Base Grant per ADA</u>	<u>2016-17 COLA (0.00%)<sup>(1)</sup></u>	<u>Grade Span Adjustments<sup>(2)</sup></u>	<u>2016-17 Base Grant/ Adjusted Base Grant per ADA</u>
K-3	\$7,083	\$0	\$737	\$7,820
4-6	7,189	0	N/A	7,189
7-8	7,403	0	N/A	7,403
9-12	8,578	0	223	8,801

(1) The statutory cost of living adjustment is fractional and rounds to zero.

(2) K-3 adjustment is 10.4%; 9-12 adjustment is 2.6%.

Source: California Department of Education – Funding Rates and Information, Fiscal Year 2016-17

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

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- Funds for two existing categorical programs — the Targeted Instructional Improvement Block Grant and the Home-to-School Transportation program — are treated as add-ons to the LCFF. Districts that received funding from these programs in 2012–13 will continue to receive that same amount of funding in addition to what the LCFF provides each year.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and will be phased in over a span of eight fiscal years. School districts will receive annual funding increases based on the difference between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, every school district will see the same proportion of its gap closed.

The new legislation included a “hold harmless” provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments. The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, Every Students Succeeds, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

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

For additional discussion of State aid to school districts, see “Education Funding and Revenue Sources – State Funding of Education” above.

**Other Local Revenues.** In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

### **Effect of State Budget on Revenues**

As discussed above, California public school districts are dependent on revenues from the State for a large portion of their operating budgets. The primary source of funding for school districts is LCFF

funding, which is derived from a combination of State funds and local property taxes (see “Education Funding and Revenue Sources” above). State funds typically make up the majority of a school district’s LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

State funds for public education are impacted by several factors, including, but not limited to, Constitutional provisions governing school district revenues and expenditures (see “Constitutional and Statutory Provisions Affecting District Revenues and Appropriations”), the total revenue available in the State general fund (as a result of the strength of the State economy), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the strength of the State economy (which, as stated above, can impact the amount of funding available from the State for educational purposes). See “State Funding of Education” below.

### **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 B – “Audited Financial Statements of the District for Fiscal Year Ended June 30, 2015” herein for a further discussion of applicable accounting policies.

### **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, 2015, have been included in the appendix to this Official Statement. See Appendix B – “Audited Financial Statements of the District for Fiscal Year Ended June 30, 2015” 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 Marysville Joint Unified School District, 1919 B Street, Marysville, CA 95901, telephone (530) 741-6000, or by contacting the District’s municipal advisor, KNN Public Finance, LLC at (949) 346-4900. The District may impose a charge for copying, mailing and handling.

**General Fund.** 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 following table shows the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for Fiscal Years 2011-12 through 2015-16.

**MARYSVILLE JOINT ELEMENTARY SCHOOL DISTRICT**  
**Summary of General Fund Revenues, Expenditures and Changes in Fund Balances for**  
**Fiscal Years 2011-12 through 2014-15 (Audited) and 2015-16 (Unaudited)**

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15	Unaudited 2015-16
BEGINNING BALANCE	\$11,006,438	\$11,292,237	\$11,030,704	\$13,210,849	\$14,524,724
REVENUES					
Revenue Limit/LCFF	48,412,487	46,291,611	62,084,576	69,782,521	83,079,182
Federal Revenue	11,041,423	9,555,109	6,598,714	6,243,754	6,989,484
Other State Revenue	15,610,854	15,270,551	6,145,982	5,698,057	12,485,174
Other Local Revenue	5,577,103	4,351,365	4,947,979	4,507,017	5,400,550
Total Revenues	\$80,641,867	\$75,468,636	\$79,777,251	\$86,231,349	107,954,390
EXPENDITURES					
Certificated Salaries	\$35,712,212	\$34,484,544	\$34,269,693	\$35,580,325	38,951,493
Classified Salaries	12,605,616	12,856,411	13,508,026	14,702,060	16,026,616
Employee Benefits	15,939,866	15,433,961	15,340,113	16,913,145	21,593,512
Books and Supplies	4,750,989	4,797,146	4,291,952	6,058,625	6,368,491
Services and Other Operating Exp.	8,226,455	7,722,262	7,798,621	7,835,082	8,867,670
Capital Outlay	269,364	166,570	372,433	1,025,760	3,250,014
Other Outgo	2,276,688	1,199,604	2,071,804	1,890,461	3,003,087
Debt Service	955,917	193,691	--	--	--
Total Expenditures	\$80,737,107	\$76,854,189	\$77,652,643	\$84,005,458	98,060,883
TOTAL EXPENDITURES	\$80,737,107	\$76,854,189	\$77,652,643	\$84,005,458	98,060,883
OTHER FINANCING SOURCES	\$381,039	\$1,124,020	\$55,537	(\$912,016)	(846,055)
NET INCREASE (DECREASE)	\$285,799	(\$261,533)	\$2,180,145	\$1,313,875	9,047,452
ENDING BALANCE	\$11,292,237	\$11,030,704	\$13,210,849	\$14,524,724	23,572,176

Source: District's Audited Financial Statements for Fiscal Years 2011-12 through 2014-15 and Unaudited Actuals for 2015-16.

### District Budget and Financial Reporting Process

**Budget and Interim Financial Reporting.** 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 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 (adopted in 1991), 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.

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

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**District's Budget Approval/Disapproval and Certification History.** The District has not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District's most recent interim report, the Second Interim for fiscal year 2015-16, received a positive certification.

**District's 2015-16 Financial Information and 2016-17 Adopted Budget.** The following table shows the District's General Fund adopted budgets for fiscal years 2015-16 and 2016-17, as well as the Estimated Actuals for fiscal year 2015-16.

**MARYSVILLE JOINT ELEMENTARY SCHOOL DISTRICT  
Revenues, Expenditures and Changes in Fund Balances for  
Fiscal Year 2015-16 (Adopted Budget and Estimated Actuals) and  
Fiscal Year 2016-17 (Adopted Budget)**

	Adopted Budget 2015-16	Estimated Actuals 2015-16	Adopted Budget 2016-17
<b>REVENUES</b>			
Local Control Funding Formula	\$80,965,965	\$82,526,062	\$89,695,921
Federal Revenue	6,208,630	7,722,104	6,408,429
Other State Revenue	8,932,031	13,186,925	9,012,957
Other Local Revenue	3,719,779	5,210,016	3,898,935
Total Revenues	\$99,826,405	\$108,645,107	\$109,016,242
<b>EXPENDITURES</b>			
Certificated Salaries	41,551,300	39,829,663	41,204,906
Classified Salaries	15,210,411	15,794,219	15,789,057
Employee Benefits	17,335,854	21,195,228	22,133,409
Books and Supplies	6,833,732	9,560,411	6,564,504
Contract Services & Operating Exp.	8,483,788	10,506,441	10,681,458
Capital Outlay	974,568	6,525,573	2,605,754
Other Outgo (excluding indirect costs)	3,525,406	4,170,135	4,127,554
Other Outgo – transfers of indirect costs	(777,544)	(827,790)	(760,107)
Total Expenditures	\$93,137,515	\$106,753,879	\$102,346,535
Excess (Deficiency) of Revenues over (under) Expenditures	\$6,688,890	\$1,891,228	\$6,669,707
Other Financing Sources (Uses):			
Contributions	\$0	\$0	\$0
Transfers In	0	0	0
Other sources	0	0	0
Transfers Out	(32,552)	(827,000)	(827,000)
Net financing Sources (Uses)			
Net Change in Fund Balances			
Fund Balances - Beginning	\$9,775,618	\$14,524,724	\$15,588,952
Net Change	6,656,338	1,064,228	5,842,707
Fund Balances – Ending	\$16,431,956	\$15,588,952	\$21,431,659

Source: District's 2016-17 Adopted Budget.

**District Reserves**

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

Senate Bill 858 was adopted by the State in June 2014 to amend the Education Code to provide that beginning in fiscal year 2015-16, if a school district's proposed budget includes a local reserve above the State's minimum recommended level, the governing board must approve the information for review at the public hearing on its proposed budget. Additionally, State votes approved a constitutional amendment at the general election on November 4, 2015, that could limit the amount of reserves maintained at the district level. The District cannot predict how this legislation will impact its reserves and future spending. See "State Funding of Education" herein.

## Existing Debt Obligations

**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, 2016, the District's capital lease obligations total \$852,914.

The District's outstanding certificates of participation as of September 30, 2016, are set forth in the following table.

### MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT Outstanding Certificates of Participation

<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding as of September 30, 2016</u>	<u>Debt Service in Fiscal Year 2016-17</u>
August 31, 2006	August 1, 2021	\$22,145,000	\$2,490,000	\$551,394
July 17, 2012	June 1, 2042	18,376,099	18,376,099	0

Source: Marysville Joint Unified School District

**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 General Obligation Bonds, Election of 2006, Series 2006 Bonds (the "Series 2006 Bonds"). On September 18, 2008, the District issued the Series 2008 Bonds. No authorization remains under the 2006 Election. On November 13, 2014 the District issues the 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds") to refund the outstanding Series 2006 Bonds and the Series 2008 Bonds.

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 plans to issue the remaining authorization under the 2008 Election in the near future.

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The table below shows the District's combined outstanding long-term indebtedness as of September 26, 2016.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
COMBINED GENERAL OBLIGATION BONDS DEBT SERVICE SCHEDULES**

<u>Bond Year</u> <u>Ending August 1</u>	<u>Series 2009</u> <u>Bonds<sup>(1)</sup></u>	<u>2014 Refunding</u> <u>Bonds</u>	<u>2016 Refunding</u> <u>Bonds</u>	<u>Combined</u> <u>Debt Service</u>
2017	\$2,093,406.26	\$2,018,437.50		\$4,111,843.76
2018	2,182,906.26	2,083,637.50		4,266,543.76
2019	2,272,756.26	2,170,037.50		4,442,793.76
2020	2,365,456.26	2,251,637.50		4,617,093.76
2021	2,470,456.26	2,327,637.50		4,798,093.76
2022	2,571,656.26	2,397,137.50		4,968,793.76
2023	2,680,306.26	2,480,137.50		5,160,443.76
2024	2,795,306.26	2,560,637.50		5,355,943.76
2025	2,910,306.26	2,648,387.50		5,558,693.76
2026	3,040,306.26	2,742,637.50		5,782,943.76
2027	3,170,306.26	2,832,637.50		6,002,943.76
2028	3,307,781.26	2,926,937.50		6,234,718.76
2029	3,451,781.26	3,029,437.50		6,481,218.76
2030	3,597,368.76	3,132,337.50		6,729,706.26
2031	3,755,368.76	3,236,400.00		6,991,768.76
2032	3,918,618.76	3,180,850.00		7,099,468.76
2033	4,086,931.26	3,304,000.00		7,390,931.26
2034	4,262,818.76			4,262,818.76
2035	4,450,000.00			4,450,000.00
2036	4,645,000.00			4,645,000.00
<b>TOTAL</b>	<b>\$64,028,837.68</b>	<b>\$45,322,925.00</b>		<b>\$109,351,762.68</b>

(1) Series 2009 Bonds maturing in 2020 through 2034 will be refunded by the Bonds.

Source: Marysville Joint Unified School District and KNN Public Finance, LLC

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

**STATE FUNDING OF 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 Yuba 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.*

**State Funding of Education**

**General.** The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. As noted above, California school districts receive a significant portion of their general purpose funding from State appropriations. Decreases in State revenues may significantly affect appropriations made by the

legislature to school districts. See “Education Funding and Revenue Sources – Property Taxes” and “-State Funding of Education” above.

*The following information concerning the State’s budgets has been compiled from publicly available information through the State Department of Finance, the State Treasurer, and the State’s Legislative Analyst’s Office. The District believes that State sources of information listed above are reliable. However, neither the District, the Counties, nor the Underwriter assumes any responsibility for the accuracy of such information relating to the State’s budgets set forth or referred to herein.*

**The Budget Process.** The State’s fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the “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 Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

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

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

**Delays in Apportionments.** The State implemented various cash-flow management devices during a period of declining revenues and other fiscal challenges (beginning in 2008). Such devices included, the issuance of IOUs in lieu of warrants and legislative changes allowing for amounts owed to public school districts to be deferred to either later that same fiscal year or future fiscal years. As a result, some school districts increased the size or frequency of their tax and revenue note borrowings.

Although recent State budgets have been balanced and are projected to be balanced for the foreseeable future, there can be no certainty that such cash-flow management devices or other budgeting strategies such as those utilized in recent years will not be used again should the State budget face fiscal challenges in the future.

## **2015-16 Adopted State Budget**

On June 24, 2015, Governor Brown signed the fiscal year 2015-16 State Budget Act (the “2015-16 State Budget”). The 2015-16 State Budget included approximately \$117.5 billion in State General Fund resources (including revenues, transfers and the prior year ending balance) and approximately \$115.4 billion in planned State General Fund expenditures. It was projected that by the end of fiscal year 2015-16, the State would have almost \$3.5 billion in its Rainy Day Fund. The 2015-16 State Budget



included an approximately 0.8% percent State General Fund spending increase from the fiscal year 2014-15 State Budget Act (the “2014-15 State Budget”).

The 2015-16 State Budget included Proposition 98 funding of \$68.4 billion for the fiscal year, which was approximately \$7.6 billion more in Proposition 98 funding than in the 2014-15 State Budget. When combined with increases of \$6.1 billion in fiscal years 2013-14 and 2014-15 as well as other one-time savings and adjustments in those years, the 2015-16 State Budget provided a \$14.4 billion increased investment in K-14 education.

Features of the 2015-16 State Budget specifically relating to California K-12 school districts included the following:

- *Local Control Funding Formula:* An increase of \$6 billion Proposition 98 General Fund to continue the State’s transition to the LCFF, bringing total LCFF funding to \$52 billion. Most new funding was committed to school districts serving English language learners, students from low-income families, and youth in foster care. This increase attempt to close the remaining funding implementation gap by more than 51 percent.
- *Career Technical Education:* The 2015-16 State Budget established the Career Technical Education (“CTE”) Incentive Grant Program and provided \$400 million, \$300 million, and \$200 million Proposition 98 General Fund in fiscal year 2015-16, fiscal year 2016-17, and fiscal year 2017-18, respectively, for local education agencies to establish new or expand high-quality CTE programs. School districts, county offices of education, and charter schools receiving funding under this program will be required to provide local-to-State matching funds of 1:1 in fiscal year 2015-16, 1.5:1 in fiscal year 2016-17, and 2:1 in fiscal year 2017-18. When determining grant recipients, the Department of Education and the State Board of Trustees will give priority to grant recipients that: (1) are establishing new programs; (2) serve a large number of English-learner, low-income, or foster youth students; (3) serve pupil groups with higher-than-average dropout rates; or (4) are located in areas of high unemployment.
- *Educator Support:* The 2015-16 State Budget provided an increase of \$500 million in one-time Proposition 98 General Fund funding for educator support. Of this amount, \$490 million is for activities that promote educator quality and effectiveness, including beginning teacher and administrator support and mentoring, support for teachers who have been identified as needing improvement and professional development that is aligned to the State academic content standards. These funds will be allocated to school districts, county offices of education, charter schools, and State special schools in an equal amount per certificated staff and are available for expenditure over the next three years. Additionally, the 2015-16 State Budget included \$10 million for the K-12 High Speed Network to provide professional development and technical assistance to local educational agencies related to network management.
- *Special Education:* Included in the 2015-16 State Budget was \$60.1 million in Proposition 98 funding (\$50.1 million ongoing and \$10 million one-time) to implement selected programmatic changes in special education services, making target investments that improve service delivery and outcomes for all disabled students, with a particular emphasis on early education.
- *K-12 High Speed Internet Access:* As a continuation of the investment made in the prior fiscal year, the 2015-16 State Budget included an increase of \$50 million in one-time

funding to the Proposition 98 General Fund to support internet connectivity and infrastructure.

- *K-12 Deferrals:* The 2015-16 State Budget provides \$897 million in funding to the Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014-15 State Budget.

## **2016-17 Adopted State Budget**

On June 27, 2016, the Governor signed the 2016-17 State Budget (the “2016-17 State Budget”) into law. The 2016-17 State Budget package calls for \$122.5 billion in general fund spending and \$44.6 billion in special fund spending, along with \$3.6 billion in bond spending. The 2016-17 State Budget includes more money for higher education, repeals a cap on welfare payments, raises rates for child care providers and puts an additional \$3.3 billion into the State’s Rainy Day Fund, including an optional \$2 billion shift to protect against a future economic downturn. The 2016-17 State Budget establishes a multiyear plan that is balanced.

Significant adjustments specifically affecting and relating to K-12 education as set forth in the 2016-17 State Budget include the following:

- an increase in funding for K-12 schools of more than \$2.9 billion (representing an increase of 5.4 percent over the LCFF funding level for fiscal year 2014-15 and bringing the LCFF level implementation to 96% complete);
- an increase of \$200 million one-time general fund grants to school districts and charter schools serving high school students to provide services that support access and transition to higher education, targeting English-learners, low-income, and foster youth;
- an increase of \$35 million one-time funding for programs aimed at recruiting additional teachers and streamlining teacher preparation programs;
- an increase of more than \$1.3 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion (for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards);
- a \$1.6 billion early education block grant by combining three existing programs to promote local flexibility, focusing on disadvantaged students and improved accountability;
- over \$2 billion in funds for various infrastructure improvements, \$688 million for critical deferred maintenance at levees, State parks, universities, community colleges, prisons, state hospitals, and other State facilities; and
- a \$1.2 billion pay-down of debt and liabilities from Proposition 2 funds.

The execution of the 2016-17 State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic and political conditions, (iii) increases to health care costs, (iv) assumptions concerning future investment returns for PERS and STRS, (v) various lawsuits involving the State, and

(vi) other factors, all or any of which could affect the ability to match the revenue and spending projections in the 2016-17 State Budget. The District cannot predict the impact that the 2016-17 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any projections made in the 2016-17 State Budget.

The complete 2016-17 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The District cannot, and does not, take any responsibility for the continued accuracy of such internet address or for the accuracy, completeness or timeliness of information posted on such address, and such information is not incorporated in this Official Statement by such reference.

***Uncertainty Regarding Future State Budgets.*** The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address changing State revenues and expenditures, or the impact on education funding such actions will have on State revenues in the current or futures years. Future State budgets will be affected by international, national and state economic conditions and other factors. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. In the event that future State budgets result in reduced revenues to the District, it will be necessary for the District to make adjustments to its budget.

### **Legal Challenges to State Funding of Education**

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

### **Additional Information for State Finances**

The full text of proposed and adopted State budgets may be found at the internet website of the California Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." The Legislative Analyst's Office's ("LAO") budget overviews and other analyses may be found at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Products." In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov) or through the Municipal Securities Rulemaking Board's EMMA website at [emma.msrb.org](http://emma.msrb.org).

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

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

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## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

### Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. Decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts

### Article XIII A of the California Constitution

**Basic Property Tax Levy.** On June 6, 1978, California voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution. Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness approved by two-thirds of the voters on or after July 1, 1978, for the acquisition or improvement of real property, and (iii) bonded indebtedness approved by 55% of the voters of a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities. As described under “The Bonds – Authority for Issuance,” the District received authorization by the requisite percent of voters to issue the Bonds.

Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

**Legislation Implementing Article XIII A.** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property

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

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

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

Under Article XIII B of the California Constitution, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain monies that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of moneys that are excluded from the definition of "appropriations subject to limitation," such as appropriations for voter-approved debt service, appropriations required to comply with certain mandates of the courts or the federal government, and appropriations for qualified capital outlay projects (as defined by the Legislature).

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

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

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

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

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution's prohibition against state or local laws "impairing the obligation of contracts."

The District's general obligation bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once issued, the taxes needed to pay debt service on general obligation bonds would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article 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 that 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, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

### **Proposition 98**

California voters approved Proposition 98, a constitutional and statutory amendment called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act") on November 8, 1988,. 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 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 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.

### **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.

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 modified to be more closely linked to the rate of economic growth. Accordingly, 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 is 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 “Test 1”) 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 “Test 2”). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 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. Under Test 3, 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 Test 3 is used in any year, the difference between Test 3 and Test 2 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 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure.

Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A. 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 houses of the State Legislature, or 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**

Approved by voters at the November 2, 2010 election, Proposition 22 was a constitutional initiative to amend the State Constitution. Proposition 22 superseded many of the provisions of Proposition 1A. The effect of Proposition 22 was to prohibit the Legislature from diverting or shifting tax revenues dedicated to transportation, redevelopment, or local government projects and services. Under this Proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. However, Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as



confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

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**

Voters approved the Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30") on November 6, 2012. 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 are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts to help fund educational programs. See "Proposition 98" and "Proposition 111" above. The revenues generated from the temporary tax increases are deposited into the Education Protection Account (the "EPA"). Funds in the EPA are allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. Such funds are 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.

Proposition 55, known as the "California Extension of the Proposition 30 Income Tax Increase Initiative," has qualified for the November 8, 2016 ballot. If approved by the voters, Proposition 55 would extend the personal income tax increases on incomes over \$250,000 approved in 2012 under Proposition 30 for an additional 12 years in order to fund education and healthcare. Proposition 55 would not extend the increased sales tax component authorized under Proposition 30.

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## California Senate Bill 222

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

## Future Initiatives

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

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**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2015**

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## APPENDIX C

### GENERAL INFORMATION ABOUT YUBA COUNTY AND CITY OF MARYSVILLE

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

#### 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, in the northern part of gold rush country, is the County seat.

#### Population

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

#### COUNTY OF YUBA AND CITY OF MARYSVILLE Population Estimates Calendar Years 2011 through 2016

County/City	2011	2012	2013	2014	2015	2016
<u>California</u>						
Incorporated Total	31,067,842	31,475,196	31,834,483	32,124,140	32,426,357	32,746,444
Balance Of State						
<u>Total</u>	<u>6,468,993</u>	<u>6,406,161</u>	<u>6,404,724</u>	<u>6,443,319</u>	<u>6,481,285</u>	<u>6,509,439</u>
State Total	37,536,835	37,881,357	38,239,207	38,567,459	38,907,642	39,255,883
 Yuba County	 72,520	 72,906	 73,293	 73,650	 74,003	 74,345
City of Marysville	12,119	12,068	12,036	12,047	12,073	12,010

*Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark.*

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## Unemployment

The following table contains a summary of the County's unemployment data, not seasonally adjusted, rounded to the nearest hundred.

### COUNTY OF YUBA Historical Civilian Labor Force Unemployment Data

	Annual 2012	Annual 2013	Annual 2014	Annual 2015	August 2016
Labor Force	28,900	28,300	28,100	28,100	28,800
Employment	24,400	24,600	24,900	25,500	26,400
Unemployment	4,400	3,700	3,100	2,600	2,300
Unemployment Rate	15.4%	13.2%	11.2%	9.2%	8.1%

Source: State of California Employment Development Department, Labor Market Information Division, March 2015 Benchmark, dated September 16, 2016.

The following table contains a summary of the City's unemployment data, not seasonally adjusted, rounded to the nearest hundred.

### CITY OF MARYSVILLE Historical Civilian Labor Force Unemployment Data

	Annual 2012	Annual 2013	Annual 2014	Annual 2015	August 2016 <sup>(1)</sup>
Labor Force	4,700	4,600	4,600	4,600	4,700
Employment	4,000	4,000	4,100	4,200	4,300
Unemployment	700	600	500	400	400
Unemployment Rate	15.2%	13.0%	11.1%	9.1%	8.0%

(1) Preliminary.

Source: State of California Employment Development Department, Labor Market Information Division, March 2015 Benchmark, dated September 16, 2016.

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## Major Employers

The following tables list the 25 major employers within the County, listed alphabetically:

### COUNTY OF YUBA

#### Major Employers

Employer Name	Location	Industry
Abraham Lincoln High School	Marysville	Schools
Appeal Democrat	Marysville	Newspapers (publishers/Mfrs)
Aramark Sports & Entertainment	Wheatland	Concessionaires
BEALE Air Force Base	Beale AFB	Military Bases
Bishop's Pumpkin Farm	Wheatland	Fruits & Vegetables & Produce-Retail
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
Recology Yuba-Sutter	Marysville	Garbage Collection
Richard R Wilbur Ranch	Marysville	Ranches
Rideout Memorial Hospital	Marysville	Physicians & Surgeons
Rideout Outpatient Radiology	Marysville	Physicians & Surgeons
Shoei Foods USA Inc	Olivehurst	Importers (whls)
South Lindhurst High School	Olivehurst	Schools
Toyota Amphitheatre	Wheatland	Concert Venues
Transportation Department	Marysville	Government Offices-State
Transportation Dept-Equipment	Marysville	State Government-Transportation Programs
US Post Office	Marysville	Post Offices
Veolia Transportation	Marysville	Transportation Services
Walmart Supercenter	Marysville	Department Stores
Yuba College	Marysville	Schools-Universities & Colleges Academic
Yuba County Health & Human Svc	Marysville	Clinics

## Taxable Sales

Total taxable sales reported during the calendar year 2014 in the County were reported to be \$503,463,000, slight decrease from the total taxable sales of \$503,475,000 reported during calendar year 2013. Data for calendar year 2015 is 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 the County is presented in the following table.

### COUNTY OF YUBA

#### Taxable Retail Sales

#### Number of Permits and Valuation of Taxable Transactions

	2010	2011	2012	2013	2014 <sup>(1)</sup>
Sales Tax Permits	1,255	1,215	1,199	1,244	1,245
Taxable Sales (000's)	\$433,699	\$482,565	\$486,296	\$503,475	\$503,463

(1) Latest data available.

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

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Total taxable sales reported during the calendar year 2014 in the City of Marysville were reported to be \$165,332,000, a decrease of approximately 3.3% from the total taxable sales of \$171,100,000 reported during calendar year 2013. Data for calendar year 2015 is 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 the City of Marysville is presented in the following table.

**CITY OF MARYSVILLE**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>
Sales Tax Permits	348	356	336	359	366
Taxable Sales (000's)	\$146,451	\$166,805	\$170,649	\$171,110	\$165,332

(1) Latest data available.

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

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**APPENDIX D**  
**FORM OF OPINION OF BOND COUNSEL**

PARKER & COVERT LLP  
2520 Venture Oaks Way, Suite 190  
Sacramento, California 95833

[Closing Date]

Board of Trustees  
Marysville Joint Unified School District  
1919 B Street  
Marysville, CA 95901

Re:     \$[PAR AMOUNT]  
        Marysville Joint Unified School District  
        2016 General Obligation Refunding Bonds  
        *Final Opinion of Bond Counsel*

Members of the Board of Trustees:

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, 2016 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 taxable at limited rates) to pay the Bonds. Yuba County and Butte County are required by law to include in their respective annual tax levies the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.
3.     Interest on the Bonds is excludable from gross income for federal tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax 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 opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure



to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Very truly yours,

PARKER & COVERT LLP

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**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## APPENDIX F

### DTC BOOK-ENTRY ONLY SYSTEM

*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 (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 (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do 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.*

The Depository Trust Company, (“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 maturity of the Bonds, each in the aggregate principal amount of such bond, 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.

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**APPENDIX G**  
**COUNTY OF YUBA INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT**

**COUNTY OF YUBA INVESTMENT POOL**  
**STATEMENT OF INVESTMENT POLICY**

As designated by Board of Supervisors under the laws of the State of California, it is the responsibility of the County Treasurer, to secure and protect the public funds of the County, and to establish proper safeguards, controls, and procedures to maintain these funds in a lawful, rational and auspicious manner. Said maintenance shall include the prudent and secure investment of those funds that are not immediately required for daily operations, in a manner anticipated to provide additional benefit to the people of the County of Yuba. In addition, the County Treasurer acts as the Treasurer, cash manager, and investor for a sizable number of public agencies within the County, rather than each entity having to locate and hire a knowledgeable person to handle the entity's banking, investments and other financial duties separately. This pooling of public funds not only eliminates duplication of expenses, but also smoothes out cash flow differences, permits cost savings through higher volume, and attracts more professional service providers. This document contains the policies, procedures, and legalities guiding the County Treasurer when investing the Pool's temporarily unemployed funds.

This Statement of Investment Policy is reviewed no less than annually and may be adjusted as needed to reflect any changes in the Government Code or investment practices. Upon request, this Policy will be provided to participants in the County Investment Pool; to securities dealers, banks and brokers currently approved for conducting investment transactions with the County Treasurer's office in the ongoing effort to manage the excess cash portfolio; to other involved persons or entities; and to any member of the electorate wishing to review this document. The Treasurer reserves the right to provide these documents on a cost basis.

**SCOPE**

This Statement of Investment Policy pertains to those temporarily surplus funds under the control of the Treasurer, designated for the daily ongoing operations of the County-Pool participants; and concerns the deposit, maintenance, and safekeeping of all such funds, and the investments made with these funds. This Policy does not apply to pension moneys, delayed compensation funds, trustee, and certain other non-operating funds not participating in the County Investment Pool. Percentage limitations noted within this Policy shall apply to all money considered to be within the County Investment Pool. Any investments existing outside the Pool shall be subject to the local agency's individual percentages.

**PURPOSE OF POLICY STATEMENT**

The purpose of this Statement of Investment Policy is to provide those entities participating in the County Investment Pool, those involved in servicing the investment requirements of the County, and any other interested party, a clear understanding of the regulations and internal guidelines that will be observed in maintaining and investing those pooled funds deemed to not be required to meet immediate cash flow requirements.

**TREASURY OBJECTIVES**

The primary and overriding objective of the Treasurer is to protect the safety of the principal of the Investment Pool through the judicious purchase of those legal investments permitted to local agencies, as defined in the State of California Government Codes, consistent with current conditions and the other dominant objectives pursuant to managing a local agency portfolio, namely:

**Safety:** It is the primary responsibility of the Treasurer to maintain the safe return of all principal placed in investments by avoiding decisions that might result in losses through either fraud, default, or adverse market conditions. Import is also accorded the protection of accrued interest earned on any investment instrument.

**Liquidity:** It is imperative that a vast majority of all investments be in items that are immediately negotiable, as the portfolio is a cash management fund. It shall always be assumed that all investments could require immediate liquidation in order to meet unexpected cash calls.

**Availability:** Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. Thus funds need to be invested in such a manner that money will always be available, without risk of trading loss, to pay normal cash requirements. A vast majority of the moneys invested by the Treasurer should never require the realization of immoderate losses should an unforeseen cash demand require the sale of investments prior to maturity. A sufficient portion of all funds shall be invested in securities providing a high degree of availability, that is, in securities easily sold or converted to cash in a timely manner, with little or no loss of interest earnings.

**Yield:** While it is considered desirable to obtain a yield commensurate to current conditions, yield shall not be the driving force in determining which investments are to be selected for purchase. Yield is definitely considered to be of much lesser importance than either safety, liquidity or availability.

The Treasurer places investments with the objective of obtaining a respectable rate of return, not attempting to maximize yield at the expense of either safety, liquidity, or availability, yet not totally ignoring those factors within the marketplace that may be indicative of either favorable or hazardous conditions. The portfolio will be managed very conservatively, but actively enough to avert avoidable losses due to adverse market conditions.

## **PRUDENCE**

The Treasurer is subject to the "Prudent Person Rule" whenever making a decision regarding the investment of the Pool's funds. This rule states, in principle:

*"In investing property for the benefit of others, a trustee shall exercise the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence, would exercise in the management of their own affairs - not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of, as well as the probable income from, their capital."*

The Treasurer, and those acting for the Treasurer, are considered to have a fiduciary, trustee, relationship with the public for the public funds, and all investment decisions will be made in a manner sustaining this responsibility.

## **DELEGATION OF AUTHORITY**

While the Treasurer has final responsibility for all investment decisions, other Treasury personnel may aid in the day to day operations. Those staff members, in addition to the Treasurer, currently authorized to act on behalf of the Pool, as of the date entered on this Policy, are listed below. This list is

subject to change, and those parties newly involved in transactions with the Treasurer's department should always obtain a current Trading Authorization and Agreement form, and be verbally introduced by a known Treasury employee, prior to accepting unconfirmed verbal instructions from any previously unknown Treasury staff member.

## **TITLE**

Assistant Treasurer and Tax Collector

Other persons, both inside and outside County employment, may act in the role of assistant or advisor to aid in the timely and proper settlement of investment transactions. While these persons may provide information or aid in the expedient delivery of securities, they may not authorize, approve, or initiate any trading activities. Only the persons listed on a current *Trading Authorization & Agreement*, and the Treasurer, may initiate trading activity.

## **SECURITIES CUSTODY**

The Treasurer has established a third party custody and safekeeping account to which all negotiable instruments shall be delivered upon purchase on a payment versus delivery basis. No negotiable, deliverable, securities or investments will be left in the custody of any brokerage firm or issuing party, including any collateral from Repurchase Agreements.

## **AUTHORIZED INVESTMENTS AND LIMITATIONS**

The Government Codes of the State of California, primarily within sections 53600 et. seq., establish the legality of certain types of investment vehicles for a California local agency's portfolio. Thereby, under no circumstances is the Treasurer permitted to purchase an investment that is not specifically authorized for a local agency under these, or other code sections that may apply, or might later be enacted, pertaining to local agency investments. Securities brokers dealing with the County Pool should possess a complete understanding of these Code sections.

An attached Addendum briefly describes the types of securities legal within the Government Code sections noted above and outlines the various limitations included in these sections. Except for the restrictions noted below in this section, all legality permitted investment options described in the Government Code are authorized at this time. Funds placed in the State's Local Agency Investment Fund (LAIF) shall follow the limitations placed on these deposits by the State and may change in accordance with these restrictions.

Though these Government Code sections define the investment types and terms permissible to the Treasurer under this Policy, various temporary and more restrictive constraints may at times be deemed beneficial due to transient conditions within the marketplace. These flexible constraints are not part of this Policy but may be obtained by requesting a current "Temporary Constraints and Restrictions on Investments" document, which will change on an "as needed" basis. These constraints or restrictions may only be *more* restrictive than those of the Policy, but may *not* be *less* restrictive. Securities Brokers and Dealers should be aware of these temporary conditions in order to save time and best serve the County Pool.

Though the Government Code sections define the investment types and terms permissible to the Treasurer, the Treasurer currently will not:

- ◆ Invest in any security or investment with a stated or potential final maturity longer than five years, unless the conditions of the security include terms that permit the purchaser to



*unconditionally* “put”, or sell back, to the *original issuer*, the security prior to five years from the purchase date; or the Board of Supervisors has pre-approved, as required by the Government Codes.

- ◆ Invest in any security or investment wherein, by the terms of the investment, interest might not be earned during any period the security or investment exists.
- ◆ Purchase any security wherein under terms inherent to the security, or the investment agreement under which the security is purchased, circumstances could result wherein the investment runs a risk of earning a rate of return substantially below other investments obtainable on a fixed rate basis at the time of purchase, or drastically different than the prevailing rate during any time prior to the maturity of the issue.
- ◆ Purchase any Collateralized Mortgage Obligation or Collateralized Debt Obligation.
- ◆ Invest in futures or options.

### AUTHORIZED DEALER LIST

It is prohibited for a transaction to be entered into with any securities broker, dealer or bank investment department or subsidiary prior to that entity being designated an Authorized Dealer, and placed on the Authorized Dealer List. For a firm to become authorized it must first demonstrate that it will add value to the Treasurer's efforts to best manage the cash portfolio, as well as fulfill certain other minimum requirements. To qualify for Authorized Dealer status, a brokerage firm or bank must:

- 1) Be a dealer operation properly licensed to deal with local agencies in California, **and**;
- 2) Have a minimum of \$10mm in capital, or, be a Primary Dealer of the Federal Reserve Bank of New York; **and**;
- 3) Be headquartered in the State of California, or, the City of New York, or be the direct issuer of security type normally purchased by the Treasurer;

a  
**Or;**

Be a department or subsidiary of an insured bank with minimum assets of \$100mm that the County has comprehensive banking relationships with;

If meeting the above requirements, a salesperson may apply to become an Authorized Dealer by sending to the Treasurer their most recent annual and interim audited financial statements and a letter furnishing:

- 1) Their reasons for believing they would add value to the present coverage; **and**,
- 2) A general roster of those markets they participate in, and specifics on those types of securities they as a firm, regularly issue or regularly hold dealer trading positions in; [**or**, a list of those dealers they are able to represent, and the securities they regularly position;] **and**,
- 3) A list of ten references, at least five being California local agency treasurers, including telephone numbers that the Treasurer or his representative may contact.

The Treasurer will instigate an investigation of the applying salesperson and the firm through various sources, including but not limited to the California Department of Corporations, Financial Industry Regulatory Authority (FINRA), and the National Association of Securities Dealers (NASD), to determine market participation, knowledge, reputation, and financial stability. All salespeople and their supervisors will be expected to have a working knowledge of the appropriate sections of the State of California Government Code, sufficient experience in covering public entities, a willingness to well serve their customers, a complete and total understanding of this Investment Policy, and demonstrate an ongoing ability to work with the Treasurer. The Treasurer will review all new requests at the end of each quarter, and if the decision is made that additional dealers would be beneficial to best service the portfolio's needs, those dealers selected will be informed of their addition to the Authorized Dealer List.

All dealers are subject to removal from the Authorized Dealer List at any time, solely at the discretion of the Treasurer.

The Treasurer, or Treasury staff, is prohibited from dealing with a salesman, broker, or account executive from any broker, dealer or bank investment department or bank subsidiary until the Acknowledgment form found on the last page of the Trading Authorization and Agreement is signed by all parties and received by the Treasurer. The Trading Authorization and Agreement is sent out to all approved dealers, and is an integral addition to this Policy Statement for Brokers/ Dealers, etc. doing investment business with the County Treasurer.

Similar restrictions and forms may be required of those firms doing business with the County Pool through retained financial advisors or managers. Certain selected firms may be chosen or appointed by the Treasurer to render specific services the Treasurer determines they are uniquely qualified to provide, wherein some of the requirements of this section may be waived.

Neither the Treasurer, nor any member of the Treasurer's staff, may accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, additional limitations set forth by County ordinance, or internal requirements of the Treasurer. The Treasurer and all members of the Treasury staff are prohibited from conducting any business with any broker, dealer, or securities firm that has made a political contribution within any consecutive 48 month period beginning January 1, 1996, in an amount exceeding the limitation contained in Rule G 37 of the Municipal Securities Rulemaking Board, to the County Treasurer or any member of the Board of Supervisors, or any candidate for these offices.

### **THE COUNTY TREASURY OVERSIGHT COMMITTEE**

The County Board of Supervisors and the Treasurer do not currently have a Treasury Oversight Committee. This is in accordance with the State dropping the mandate for such a committee as well as the cost associated with establishing, conducting and maintain an oversight committee. By law, the Oversight Committee shall have no authority to require discussion, attempt to direct, or in any way interfere with the process or daily operation of any portion of the Treasury department, nor shall the Committee attempt to play any role in determining which banks, firms or individuals the Treasurer does business with, nor shall the Committee be involved at all in determining which investments the Treasurer purchases, but shall act solely to review the actions of the Treasurer to determine that they are in accordance and compliance with the Investment Policy and all other legal requirements or regulations.

### **TERMS FOR FUNDS INVESTED WITH THE COUNTY INVESTMENT POOL**

The Government Code requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is responsible for overseeing, are to be invested. The Treasurer must take into consideration the current financial condition of the sum total of the Pool's agencies, the conditions of the market place, as well as the cash flow projections and the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all others affected.

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Any funds deposited in accounts that are consolidated into the County Investment Pool that are not immediately required to meet cash flows of the Pool will be invested by the Treasurer or the Treasurer's staff. All Pool entities agree that by placing funds in such accounts that they agree to proportionately participate in all investments within the Investment Pool.

### **FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL**

Funds will be accepted at all times, in the manner prescribed, from those local agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Pool. Funds will earn interest based on the average daily balance, paid on a quarterly basis.

Should a legislative body of a local agency determine that certain funds will not be required by the local agency for a period of at least two years, the local agency may petition the County Treasurer to invest that portion of the local agency's excess funds in a specific investment under the control of the County Treasurer. Such a petition should state the nature of the funds the legislative body wishes to invest specifically, and the reasons why the legislative body believes a specific investment is a preferable and viable alternative to general Pool participation. Should the Treasurer determine that the request for a specific investment is valid and not counter-productive to the Pool as a whole, the Treasurer will determine exactly what investment(s) should be purchased to fulfill the needs of the local agency. The Treasurer will then purchase the specific investment(s) upon receipt of a written resolution, issued by the legislative body of the local agency, requesting the specific investment. The resolution must acknowledge that the local agency's legislative body takes full responsibility for the decision to purchase the specific investment(s), and that should conditions change requiring a sale prior to maturity of the specific investment(s), any loss that might be suffered as a result, will be solely that of the local agency, and that this loss shall not be shared by the Pool as a whole, nor by the County.

Under language added to the Government Code in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time, without the specific permission of the Treasurer. Any such investments shall either be terminated and all funds returned to the Pool, or the securities so purchased shall be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

### **MONEY VOLUNTARILY INVESTED WITH THE COUNTY INVESTMENT POOL**

By Code, the County Treasurer shall set conditions under which money from local agencies, not required to have their funds in the Investment Pool, may deposit and withdraw voluntarily invested funds.

Local agencies from outside the County will not be permitted to deposit funds in the County Pool. Funds from local agencies within the County, voluntarily wishing to participant in the Pool, shall be accepted under the terms existing in this Policy, along with any additional terms the Treasurer deems prudent, given the entity's particular situation. Voluntary money maybe withdrawn under conditions set forth in Sections 27133 and 27136 of the Government Codes and as previously specified in any agreements made with the Treasurer. Specific investments are not normally permitted with voluntary funds, though on a cost recovery basis and under circumstances that dictate such activity, exceptions may be permitted.

### **APPORTIONING OF COSTS AND INTEREST**

All costs related to investing, maintaining and accounting for the investments purchased for the Investment Pool, as authorized by Section 27013, shall be apportioned equally on the average daily

balance method quarterly to all participants with funds in the Investment Pool, including those held in specific investments. Interest earning shall be apportioned on the same basis and also distributed quarterly.

## **REPORTING**

The Treasurer generally makes adjustments to the County Pool Investment Policy near the beginning of the calendar year and makes the revised document available to those requesting it. Other reports on the holdings, status and earnings of the portfolio may also be available during the year.

[Investment report to come]

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# Addendum

### Legal Pool Investments\*

<u>Investment Type</u>	<u>Max. % of Portfolio</u>	<u>Max. Maturity</u>	<u>Quality Requirements</u>
a) Bonds issued by a local agency	None	None	None
b) Treasury obligations	None	None	None
c) State of California Obligations	None	None	None
d) State & local Obligations from the other 49 states	None	None	None
e) Obligation of Calif. local agency	None	None	None
f) Obligations issued by Federal Agencies and U.S. Government Sponsored Enterprises	None	None	None
g) Bankers Acceptances	40%	180 days max.	None
h) Commercial Paper	40%	270 days max.	U.S. entity with credit enhancements resulting in paper rating A1/P1 or better; with \$500MM in assets; A or higher long term rating if any; max. 10% of portfolio per issuer.
i) Negotiable C.D.s	30%	5 years	None
j) Repurchase Agreements	None	1 year	Collateral must be a legal investment of 102%
Reverse Repurchase Agreements	20% of base	92 days max., or to maturity	None
k) Medium Term Note	30%	5 years	U.S. Corporations, or Banks licensed within any State of the U.S., "A" or better rating by major rating service.
l) Mutual Funds	20%, 10% per fund	NA	A defined money market fund; or invest only in a-j, m, n, of this list, as restricted; Highest letter and number ranking of 2 of 3 rating services; or a SEC Registered Advisor with 5 Yrs. experience, managing assets of \$500MM or more; No load. Not contrary to 53601 & 35 and other pertinent law.
m) Investments as permitted by provision in agreements of indebtedness	As per bond documentation	NA	As required by 53652
n) Asset secured indebtedness	None	None	Issuer must be rated "A" minimum, security must be "AA" by national rating service.
o) Collateralized Mortgage obligations	20%	5 years	None
p) Joint Powers authority	None	None	None
q) Contracted Non-Neg. Time Deposits	None	None	None
635.8) Deposited Pooled small C.D.s	30%	None	Insured as to principle and interest

*These tables are not meant to be a replacement for the Government Code. Involved parties should obtain a valid, updated copy of the pertinent Code sections to fully understand all the details included within these Code*

\$[PAR AMOUNT]  
**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
2016 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, 2016 (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, Section 3 (Provision of Annual Reports) and Section 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** mean 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 Section 5(a) (Reporting of Significant Events - Significant Events) of this Disclosure Certificate.

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

**Official Statement** means the final Official Statement dated [SALE DATE] 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 2015-2016 Fiscal Year due April 15, 2017, 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(d) (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.

(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) 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) (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) The District's approved annual budget for the then-current fiscal year;

(c) 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); and

(d) Total assessed value within the District for the most recent fiscal year.

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

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

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

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difficulties; (4) unscheduled draws on credit enhancements reflecting financial

perform; (5) substitution of credit or liquidity providers, or their failure to

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

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material;

(9) tender offers;

(10) defeasances;

Bonds, if material; (11) release, substitution, or sale of property securing repayment of the

(12) rating changes;

District; (13) bankruptcy, insolvency, receivership or similar event of the

(14) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the District, or entry into or termination of a definitive agreement relating to the foregoing, if material;

(15) appointment of a successor or additional trustee or paying agent, or the change of name of the trustee or paying agent, if material.

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

(c) Notice to Dissemination Agent. If the District has determined an occurrence of a Listed Event under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(d) (Notice of Listed Events).

(d) Notice of Listed Events. The District shall file, or cause the Dissemination Agent to file with the Repositories, in an electronic format prescribed by the MSRB, a notice of the occurrence of a Listed Event to provide notice of specified events in a

timely manner not in excess of ten (10) business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a)(8) (bond calls) need not be given under this subsection any earlier than the notice (if any) given to Bondholders of affected Bonds pursuant to the Paying Agent Agreement.

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

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

**Section 8. Dissemination Agent.** (a) Appointment of Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be KNN Public Finance, LLC.

(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 Section 3(a) (Delivery of Annual Report to Repositories), Section 4 (Content of Annual Reports), Section 5(a) (Reporting of Significant Events – Significant Events), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

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

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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.

**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: \_\_\_\_\_  
Gay Todd, Ed.D. Superintendent

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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  
2016 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 [CLOSING DATE], with respect to the above-captioned bond issue. The District anticipates that the Annual Report will be filed by

\_\_\_\_\_.

Date: \_\_\_\_\_

**MARYSVILLE JOINT UNIFIED  
SCHOOL DISTRICT**

*[SAMPLE ONLY]*

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

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**To:** Ryan DiGiulio, Assistant Superintendent of Business Services  
Marysville Joint Unified School District

**From:** Blake Boehm, Director  
KNN Public Finance

**Re:** Addendum to the Agreement for Financial Services, dated July 19, 2016

Please find this addendum dated October 11, 2016 to the approved Agreement for Financial Advisory Services dated July 19, 2016 between KNN Public Finance, LLC and Marysville Joint Unified School District, and specifies the terms of engagement for the District's 2016 General Obligation Refunding Bonds:

**Date of the Initial Contract/Engagement Agreement:** July 19, 2016

**Scope of Municipal Advisory Services for 2016 General Obligation Refunding Bonds:**

***Pre-Transaction Activities:***

**Develop Financing Plan**

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- Prepare and update tax rate model
- Analyze detailed cash flow of capital project funding
- Prepare alternative financing scenarios/structures
- Analyze historical and projected assessed valuations

***Transactional Activities:***

**Communication**

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- Facilitate working group meeting/conference calls
- Prepare and update financing schedule and distribution list
- Attend and present at Board meetings (as needed)
- Prepare meeting materials and develop meeting strategy
- Communicate with District staff regarding strategy and planning
- Attend and present at Bond Oversight Committee meetings (as needed)
- Facilitate coordination with County officials (Treasurer, Auditor-Controller, etc.)

**Legal Documents**

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- Assist with review of legal and disclosure documents
- Participate in Due diligence review
- Prepare tax rate analysis
- Determine "Not-to-Exceed" bond amount within resolution

Business Services Department  
Approval:   
Date: 10/3/16

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### **Rating Process**

Research District and community information  
Assist with preparation of rating presentation  
Attend rating meetings  
Provide follow-up information to rating agencies  
Review rating report for accuracy

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### **Underwriter Outreach**

Reach out to underwriters in advance of sale to gauge interest and answer questions  
Participate in calls with District and underwriter(s) (as needed)  
Provide follow-up information for underwriters (as needed)

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### **Pre-Pricing Process**

Review market conditions, advise on market timing  
Assemble cost of issuance for District review  
Communication with District regarding preliminary scale  
Prepare comparable sales data  
Prepare preliminary and final pricing analyses

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### **Pricing Process**

Monitor order period  
Verify final bids and pricing scale  
Model debt structure in DBC for sign off  
Negotiate and track costs of issuance  
Review bond purchase agreement  
Finalize Cost of Issuance

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### **Closing**

Review final official statement  
Review closing memos and wiring instructions  
Confirm receipt of wires  
Provide invoices for costs of issuance to Trustee

### ***Ongoing Activities:***

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### **Bond Program Management**

Update debt map and tax rate model  
Communicate with District regarding cash flows/future funding needs  
Interface with County to verify tax rate calculation prior to annual levy



**Term of Agreement:** The term of the approved Agreement for Financial Advisory Services dated July 19, 2016 is stated to go through June 30, 2017.

**Compensation:** For Municipal Advisory services provided regarding the 2016 General Obligation Refunding Bonds, KNN will charge an amount not-to-exceed \$65,000, inclusive of expenses. Such fees will be contingent upon the successful sale and delivery of municipal securities and will be payable from bond proceeds or other monies from the sale of the securities.

Such expenses include, but are not limited to, travel and administration costs, the expense of any outside copying costs, courier or delivery charges, conference call charges, data information (fees for data information services such as TM3 and Bloomberg will be billed at \$550 per transaction), and processing services, and the costs of obtaining statistical data from outside sources, shall be paid by the District. Expenses related to the issuance of securities will be payable from bond proceeds or other monies from the sale of the securities.

**Termination:** Each party may terminate this agreement, with or without cause, at any time by giving the other party thirty (30) days written notice of termination. KNN may also resign from performing services upon written notice in the event that KNN has a conflict with professional regulations, standards or guidelines as required by Municipal Advisory rules and regulations.

In the event such termination of this agreement is less than 60 days prior to a financing transaction that KNN has provided consulting services, KNN shall be entitled to compensation for any work associated with the financing. KNN will submit an itemized invoice for services rendered within thirty (30) days of the written notice of termination. District will review the invoice and pay any undisputed amounts due within thirty (30) days after receipt of said itemized invoice.

**Conflicts of Interest and Other Matters Requiring Disclosures:** KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

**Legal Events and Disciplinary History:** KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN's municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission ("SEC") order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance's most recent Form



MA and each most recent Form MA-I filed with the Commission at the following website:  
[www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

The following signatures indicate acceptance:


ACCEPTED:

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
Ryan DiGuilio, Assistant Superintendent, Business Services

Date \_\_\_\_\_

KNN PUBLIC FINANCE, LLC  
a California limited liability company

By  \_\_\_\_\_  
Blake Boehm, Director

Date October 3, 2016

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