

RESCUE UNION SCHOOL DISTRICT

AGENDA ITEM: **A RESOLUTION OF THE BOARD OF TRUSTEES OF THE RESCUE UNION SCHOOL DISTRICT (EL DORADO COUNTY, CALIFORNIA) AUTHORIZING THE EXECUTION, DELIVERY AND SALE OF CERTIFICATES OF PARTICIPATION IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$5,500,000 FOR THE PURPOSE OF FINANCING CAPITAL FACILITIES IMPROVEMENTS AND APPROVING RELATED DOCUMENTS AND ACTIONS**

BACKGROUND:

The District has identified capital projects which require funding from a local source, including for constructing and expanding facilities at Marina Village Middle School. Under California law, school districts may incur debt without voter approval by entering into lease financings which meet all legal structuring requirements. As proposed, the District will obtain up front financing in an amount of up to \$5.5 million for capital projects, and will covenant to repay such debt over the term of the lease. The lease payments are payable from the District's general fund semi-annually, and are used to amortize the related Certificates of Participation. The documents include a special prepayment provision that allows the District to prepay its obligations from sources such as voter-approved GO Bonds or State Funds. The proceeds of the Certificates, net of financing costs, will be deposited in a Project Fund and drawn out for capital facility projects. The selected financing team is Isom Advisors, as financial advisor, Jones Hall APLC, as special counsel and disclosure counsel, and Raymond James, as underwriter.

Documents approved as to form in the Resolution, with final changes to be authorized by District officials, are a Site Lease, Lease Agreement, Trust Agreement, Official Statement and Certificate Purchase Agreement.

STATUS:

Rescue Union School District is authorized to enter into a Site Lease and Lease Agreement under Section 17456 of the Education Code of the State of California, provided that the proceeds thereof are applied for capital outlay purposes of the District.

Therefore, Rescue Union School District proposes to lease certain land and improvements located thereon known as Lake Forest Elementary School to the Rescue District Facilities Corporation under a Site Lease in consideration of the payment of an upfront rental payment in an amount (up to \$5.5 million) sufficient for such purposes, and the Corporation has proposed to lease the Leased Property back to the District under a Lease Agreement in consideration of the agreement by the District to pay semiannual lease payments.

FISCAL IMPACT:

Proceeds from the sale of the Certificates will provide the District improved cash flow and flexibility during the construction of the Marina Village Two-Story Classroom Project. The cost of issuance is

estimated to be \$165,000 and interest to be paid over twenty years is estimated at over \$2.1 million on \$5.5 million of principal.

BOARD GOAL:

Board Focus Goal II – FISCAL ACCOUNTABILITY:

Keep the district fiscally solvent through prudent LCAP aligned budget processes in order to meet the needs of our students.

Board Focus Goal V - FACILITY / HOUSING

Build, improve and maintain school facilities to meet current and future education needs while integrating the most effective and efficient use of resources.

Local Control Accountability Plan GOAL 6:

The District will create and maintain facilities and grounds that are safe, clean and conducive to the learning process.

RECOMMENDATION:

District staff recommends the Board of Trustees approve this resolution thereby authorizing and approving all proceedings for the financing of the Project, the delivery and sale of the Certificates for such purpose, and all related documents and actions, in furtherance of the public purposes of the District.

RESOLUTION NO. 17-17

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE RESCUE UNION SCHOOL DISTRICT (EL DORADO COUNTY, CALIFORNIA) AUTHORIZING THE EXECUTION, DELIVERY AND SALE OF CERTIFICATES OF PARTICIPATION IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$5,500,000 FOR THE PURPOSE OF FINANCING CAPITAL FACILITIES IMPROVEMENTS AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Rescue Union School District (the "District") requires a financing source for high priority capital facilities improvements, including constructing and expanding Marina Village Middle School (the "Projects"); and

WHEREAS, in order to provide funds to finance the Projects, the District proposes to lease certain land and improvements located thereon known as Lake Forest Elementary School (the "Leased Property"), to the Local Facilities Finance Corporation (the "Corporation") under a Site Lease in consideration of the payment of an upfront rental payment in an amount sufficient for such purposes, and the Corporation has proposed to lease the Leased Property back to the District under a Lease Agreement in consideration of the agreement by the District to pay semiannual lease payments (the "Lease Payments"); and

WHEREAS, the Corporation will assign its right to receive the Lease Payments to U.S. Bank National Association, as trustee (the "Trustee"), and in consideration of such assignment the Trustee will execute and deliver not to exceed \$5,500,000 aggregate principal amount of 2017 Certificates of Participation (2017 Capital Projects), each evidencing a direct, undivided fractional interest in the Lease Payments (the "Certificates"), the proceeds of which will be applied to finance the Projects, as provided in a Trust Agreement among the Corporation, the District and the Trustee; and

WHEREAS, the District is authorized to enter into the Site Lease and the Lease Agreement under Section 17456 of the Education Code of the State of California, provided that the proceeds thereof are applied for capital outlay purposes of the District; and

WHEREAS, as required pursuant to Education Code Section 17150.1, the District has, at least thirty days prior to the date hereof, provided notice to the El Dorado County Superintendent of Schools and El Dorado County Auditor, of its intention to proceed with the issuance of the Certificates, together with evidence of its ability to repay the proposed Certificates; and

WHEREAS, the Board of Trustees wishes at this time to authorize and approve all proceedings for the financing of the Project, the delivery and sale of the Certificates for such purpose, and all related documents and actions, in furtherance of the public purposes of the District;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Trustees of the Rescue Union School District as follows:

Section 1. Approval of Financing Plan and Related Documents. The Board of Trustees hereby approves the financing plan outlined above. To that end, the Board

of Trustees hereby approves each of the following financing documents in substantially the respective forms on file with the Secretary of the Board together with any changes therein or additions thereto deemed advisable by the Superintendent, District's Chief Business Official or Assistant Superintendent, Business Services (each, an "Authorized Officer"), whose execution thereof shall be conclusive evidence of such approval:

- Site Lease between the District as lessor and the Corporation as lessee, whereby the District leases the Leased Property to the Corporation in consideration of the payment by the Corporation to the District of an upfront rental payment which is sufficient to enable the District to finance the Projects, including the payment of related delivery costs.
- Lease Agreement between the Corporation as lessor and the District as lessee, whereby the Corporation leases the Leased Property back to the District in consideration of the payment by the District of semiannual lease payments.
- Trust Agreement among the District, the Corporation and the Trustee, whereby the Trustee agrees to execute and deliver the Certificates.

An Authorized Officer is authorized and directed for and in the name and on behalf of the District to execute and attest the final form of each of the foregoing documents. The schedule of lease payments attached to the Lease Agreement shall correspond to the payments of principal and interest represented by the Certificates, to be determined upon the sale thereof as set forth in Section 2. In the event that it is necessary to accomplish the financing that an additional or alternative site be identified as the Leased Property, an Authorized Officer is hereby authorized to identify such additional or alternate site in order to accomplish the financing plan described herein, which site shall be particularly described in the foregoing documents.

Section 2. Negotiated Sale of Certificates. The Board of Trustees hereby approves the sale of the Certificates on a negotiated basis to Raymond James & Associates, Inc. (the "Underwriter"), pursuant to the terms and provisions of a Certificate Purchase Agreement (the "Certificate Purchase Agreement") between the District and the Underwriter. An Authorized Officer is hereby authorized and directed to execute and deliver the Certificate Purchase Agreement for and in the name and on behalf of the District, in substantially the form on file with the Secretary of the Board, with such changes therein, deletions therefrom and additions thereto deemed advisable by an Authorized Officer, whose execution thereof shall be conclusive evidence of such approval. The Certificates shall be sold at a true interest cost of not to exceed 6.0%, and the amount of the Underwriter's discount on the sale of the Certificates shall not exceed 1.0% of the par amount thereof. The District hereby authorizes the delivery and performance of the Certificate Purchase Agreement.

Section 3. Official Statement. The Board of Trustees hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement describing the Certificates in the form on file with the Secretary. An Authorized Officer is hereby individually authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Board of

Trustees' determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the Preliminary Official Statement to prospective purchasers of the Certificates is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Trustees hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 4. Engagement of Professional Services. The Board of Trustees hereby approves the engagement for special counsel services with the firm of Jones Hall, A Professional Law Corporation and the engagement of Isom Advisors, A Division of Urban Futures, Inc., for financial advisory services, pursuant to agreements between the District and both of said firms in the form on file with the Assistant Superintendent, Business Services.

Section 5. Official Actions. The Board President, the Superintendent, the Chief Business Official, the Assistant Superintendent, Business Services, the Secretary and/or Clerk of the Board and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, leases and other instruments of conveyance, warrants, termination and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Said authority extends to applying for municipal insurance for the Certificates and a reserve fund surety instrument, if in the best interests of the District. Whenever in this resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated in writing by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED by the Board of Trustees of the Rescue Union School District on August 1, 2017, by the following vote:

AYES:

NOES:

ABSENT:

By: _____
President of the Board of Trustees
Rescue Union School District,
County of El Dorado, California

ATTEST:

By: _____
Secretary to the Board of Trustees

TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Courtney L. Jones, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE LEASE

This SITE LEASE (this "Site Lease"), dated as of September 1, 2017, is between the RESCUE UNION SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California, of El Dorado County, as lessor (the "District"), and the LOCAL FACILITIES FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessee (the "Corporation").

BACKGROUND :

1. The District is proceeding to finance high priority capital facilities improvements, including constructing and expanding Marina Village Middle School (the "Project").

2. In order to provide funds to finance the Projects, the District has leased the land and buildings known as Lake Forest Elementary School located at 2240 Salisbury Drive, El Dorado Hills, California, as described more fully in Appendix A attached hereto and made a part hereof (the "Leased Property"), to the Corporation under this Site Lease in consideration of the payment of an upfront rental payment in an amount sufficient for such purposes, and the Corporation has agreed to lease the Leased Property back to the District under a Lease Agreement dated as of September 1, 2017 (the "Lease Agreement"), which has been recorded concurrently herewith, in consideration of the agreement by the District to semiannual lease payments (the "Lease Payments").

3. The Corporation has agreed to assign its right to receive the Lease Payments to U.S. Bank National Association, as trustee (the "Trustee"), and in consideration of such assignment the Trustee has agreed to execute and deliver \$_____ aggregate principal amount of 2017 Certificates of Participation (2017 Capital Projects) (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease

payments to be paid by the District under the Lease Agreement, the proceeds of which will be applied by the Corporation to finance the acquisition and construction of the Project under a Trust Agreement dated as of September 1, 2017 (the "Trust Agreement"), between the Corporation, the District and the Trustee.

4. The Corporation has been organized for the purpose of providing financial assistance to the District and is authorized to enter into financing documents for that purpose.

5. The District is authorized to enter into this Site Lease and the Lease Agreement under Section 17456 of the Education Code of the State of California.

[6. Payment of principal and interest represented by the Certificates is insured by a Municipal Bond Insurance Policy (the "Certificate Insurance Policy") issued by the _____ (the "Certificate Insurer").]

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

SECTION 1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Site Lease have the respective meanings given them in the Trust Agreement.

SECTION 2. *Lease of Leased Property.* The District hereby leases the Leased Property to the Corporation, and the Corporation hereby leases the Leased Property from the District, on the terms and conditions hereinafter set forth.

SECTION 3. *Term; Possession.* The term of this Site Lease commences, and the Corporation becomes entitled to possession of the Leased Property, as of the date of recordation hereof. This Site Lease ends, and the right of the Corporation hereunder to possession of the Leased Property thereupon ceases, on the date on which all of the outstanding Certificates are paid in full, or provision is made for such payment in accordance with the Trust Agreement, and the Trust Agreement has been discharged under Section 13.01 thereof, but under any circumstances not later than October 1, 20__.

SECTION 4. *Rental.* The Corporation shall pay to or at the direction of the District as and for rental of the Leased Property hereunder, from the proceeds of sale of the Certificates, the amount of \$_____ (the "Site Lease Payment") to be paid on or before the date of execution and delivery hereof. From the proceeds of the Site Lease Payment, there will be deposited in the Project Fund funds required to finance the Project as set forth in the Lease Agreement and in the Trust Agreement. The District shall ensure that the proceeds of the Site Lease Payment deposited in the Project Fund are applied solely for capital outlay purposes.

The Corporation and the District hereby find and determine that the total amount of the Site Lease Payment does not exceed the estimated value of the leasehold interest

in the Leased Property which is conveyed hereunder by the District to the Corporation. No other amounts of rental is due and payable by the Corporation for the use and occupancy of the Leased Property under this Site Lease.

SECTION 5. *Assignments and Subleases.* Unless the District is in default under the Lease, the Corporation may not assign its rights under this Site Lease or sublet all or any portion of the Leased Property, except as provided in the Lease, without the prior written consent of the District and the Certificate Insurer.

SECTION 6. *Right of Entry.* The District and the Certificate Insurer both reserve the right for any of its duly authorized representatives to enter upon the Leased Property, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 7. *Termination.* The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the Leased Property was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Property will remain thereon and title thereto will vest thereupon in the District for no additional consideration.

SECTION 8. *Default.* If the Corporation defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease Agreement shall be deemed to occur as a result thereof and this Site Lease may not be terminated by the District as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the District shall continue to pay the Lease Payments to the Trustee.

SECTION 9. *Amendments.* The Corporation and the District may at any time amend or modify any of the provisions of this Site Lease with the written consent of the Certificate Insurer, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; or (b) without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the District or the Corporation contained in this Site Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District or the Corporation,
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, for the purpose of conforming to the original intention of the District and the Corporation,
- (iii) to amend any provision thereof relating to the Tax Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by any of the Certificates under the Tax Code, in the opinion of Bond Counsel,

- (iv) to amend the description of any component of the Leased Property to reflect accurately the property originally intended to be included therein, or to effectuate any substitution of property as permitted by Section 4.6 of the Lease Agreement or any release or property as permitted by Section 4.7 of the Lease Agreement,
- (v) in any other respect whatsoever as the Corporation and the District deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Certificates.

The District must obtain and cause to be filed with the Trustee an opinion of Bond Counsel with respect to any amendment or modification hereof, stating that all conditions precedent to such amendment as set forth in this Section have been satisfied. Promptly following the effective date of any amendment or modification under this Section, the District must mail written notice thereof to each rating agency which then maintains a rating on the Certificates.

SECTION 10. *Quiet Enjoyment.* The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Property, subject to the provisions of the Lease Agreement and subject only to Permitted Encumbrances.

SECTION 11. *Waiver of Personal Liability.* All liabilities under this Site Lease on the part of the Corporation are solely corporate liabilities of the Corporation as a nonprofit corporation, and the District hereby release each and every member and officer of the Corporation of and from any personal or individual liability under this Site Lease. No member or officer of the Corporation or its governing board is at any time or under any circumstances individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 12. *Taxes.* The District will pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and any improvements thereon.

SECTION 13. *Eminent Domain.* If the whole or any part of the Leased Property, or any improvements thereon, are taken by eminent domain proceedings, the interest of the Corporation will be the aggregate amount of the then unpaid principal components of the Lease Payments payable under the Lease Agreement and the balance of the award, if any, will be paid to the District. The District hereby waives any and all rights that it has or may hereafter have to acquire the interest of the Corporation in and to the Leased Property through the eminent domain powers of the District.

SECTION 14. *Partial Invalidity.* If any one or more of the terms, provisions, covenants or conditions of this Site Lease are to any extent declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease will be affected thereby, and each provision of this Site Lease will be valid and enforceable to the fullest extent permitted by law. The Corporation and the District each hereby declares that it would

have entered into this Site Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Site Lease may be held illegal, invalid or unenforceable.

SECTION 15. *Notices.* Any notice, request, complaint, demand or other communication under this Site Lease must be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission, at its number set forth below. Notice will be effective either (a) upon transmission by facsimile, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. Notices may be delivered in via e-mail to the officer identified below but will only be effective upon receipt by the sender of an acknowledgment of such recipient.

If to the District: Rescue Union School District
2390 Bass Lake Road
Rescue, California 95672
Fax: 530-677-0791
Attention: Superintendent

If to the Corporation: Local Facilities Finance Corporation
9258 Brunello Court
Bakersfield, California 93314
Attention: President

If to the Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services
Fax: (213) 615-6196

If to the Insurer: _____

SECTION 16. *Governing Law.* This Site Lease shall be governed by the laws of the State of California.

SECTION 17. *Third Party Beneficiary.* The Trustee and the Certificate Insurer are hereby made third party beneficiaries hereunder with all rights of third party beneficiaries.

SECTION 18. *Binding Effect.* This Site Lease inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 19. *Section Headings.* All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 20. *Execution in Counterparts.* This Site Lease may be executed in any number of counterparts, each of which is an original but all together constitute one and the same instrument. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Corporation and the District, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the District.

IN WITNESS WHEREOF, the District and the Corporation have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

**RESCUE UNION SCHOOL DISTRICT, as
lessor**

By _____
Superintendent

Attest

Secretary

**LOCAL FACILITIES FINANCE
CORPORATION,
as lessee**

By _____
President

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the County of El Dorado, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

--Insert legal description of Lake Forest Elementary School--

TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Jones Hall, A Professional Law Corporation

475 Sansome Street, Suite 1700

San Francisco, California 94111

Attention: Courtney L. Jones, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

Dated as of September 1, 2017

between the

LOCAL FACILITIES FINANCE CORPORATION

as lessor

and the

RESCUE UNION SCHOOL DISTRICT

as lessee

Relating to

\$ _____

**2017 Certificates of Participation
(2017 Capital Projects)**

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated as of September 1, 2017, is between the LOCAL FACILITIES FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the RESCUE UNION SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District").

BACKGROUND:

1. The District is proceeding to finance high priority capital facilities improvements, including constructing and expanding Marina Village Middle School (the "Projects").

2. In order to provide funds to finance the Projects, the District has lease certain land and improvements located thereon known as Lake Forest Elementary School located at 2240 Salisbury Drive, El Dorado Hills, California, as described more fully in Appendix A attached hereto and made a part hereof (the "Leased Property"), to the Corporation under a Site Lease recorded concurrently herewith in consideration of the payment of an upfront rental payment in an amount sufficient for such purposes, and the Corporation has agreed to lease the Leased Property back to the District under this Lease Agreement dated as of September 1, 2017 (the "Lease Agreement"), in consideration of the agreement by the District to semiannual lease payments (the "Lease Payments").

3. The Corporation has agreed to assign its right to receive the Lease Payments to U.S. Bank National Association, as trustee (the "Trustee"), and in consideration of such assignment the Trustee has agreed to execute and deliver \$_____ aggregate principal amount of 2017 Certificates of Participation (2017 Capital Projects) (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the District under the Lease Agreement, the proceeds of which will be applied by the Corporation to finance the Projects under a Trust Agreement dated as of September 1, 2017 (the "Trust Agreement"), between the Corporation, the District and the Trustee.

4. The Corporation has been organized for the purpose of providing financial assistance to the District and is authorized to enter into financing documents for that purpose.

5. The District is authorized to enter into this Site Lease and the Lease Agreement under Section 17456 of the Education Code of the State of California.

[6. Payment of principal and interest represented by the Certificates is insured by a Municipal Bond Insurance Policy (the "Certificate Insurance Policy") issued by _____ (the "Certificate Insurer").]

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease have the respective meanings specified in the recitals hereof and in Appendix A to the Trust Agreement.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the District.* The District makes the following covenants, representations and warranties to the Corporation and the Certificate Insurer as of the Closing Date

(a) Due Organization and Existence. The District is an elementary school district duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Lease, the Site Lease and the Trust Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery of this Lease, the Site Lease and the Trust Agreement.

(b) Due Execution. The representatives of the District executing this Lease, the Site Lease and the Trust Agreement have been fully

authorized to execute the same under a resolution duly adopted by the Board of Trustees of the District.

- (c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease and the Trust Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.
- (d) No Conflicts. The execution and delivery of this Lease, the Site Lease and the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease and the Trust Agreement or the financial condition, assets, properties or operations of the District.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease and the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the

Site Lease or the Trust Agreement, or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease or the Trust Agreement or the financial conditions, assets, properties or operations of the District.

- (g) No Flood Plain The Leased Property is not located in an area designated by the Federal Emergency Management Agency as a 100 year flood plain.

SECTION 2.2. *Covenants, Representations and Warranties of the Corporation.*
The Corporation makes the following covenants, representations and warranties to the District as of the Closing Date

- (a) Due Organization and Existence. The Corporation is a nonprofit corporation duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement.
- (b) Maintenance of Existence. The Corporation shall maintain its existence as a nonprofit corporation duly organized and existing under the laws of the State of California at all times during the Term hereof.
- (c) Due Execution. The representatives of the Corporation executing this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement are fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.
- (d) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Trust Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.
- (e) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or

breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

- (f) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

- (g) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Trust Agreement or the Assignment Agreement or the financial conditions, assets, properties or operations of the Corporation.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS; CONSTRUCTION OF PROJECT

SECTION 3.1. *Deposit of Moneys.* On the Closing Date, the Corporation shall cause the proceeds of sale of the Certificates to be deposited with the Trustee. Under Section 4.01 of the Trust Agreement, from the proceeds of sale of the Certificates the estimated amount of the Costs of Issuance will be deposited in the Costs of Issuance Fund and the balance of such proceeds will be deposited in the Project Fund to be applied to finance the Project as set forth herein and in the Trust Agreement.

SECTION 3.2. *Construction of Project.* The District will enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Project. The District will requisition the payment of Project Costs from amounts held by it in the Project Fund, under and in accordance with Section 4.04 of the Trust Agreement. All contracts for, and all work relating to, the acquisition and construction of the Project are subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities and property by the District. The District will supervise and undertake to completion the acquisition and construction of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law.

SECTION 3.3. *Completion of Project; Certification of Completion.* The District expects that the Project will be substantially completed by September 2020. The failure to complete the Project by such date will not constitute an Event of Default hereunder or a grounds for termination of this Lease.

Upon the completion of the acquisition and construction of the Project, but in any event not later than 30 days following such completion, the District shall execute and deliver to the Corporation and the Trustee a written certificate which (a) states that the acquisition and construction of the Projects have been substantially completed, (b) identifies the total Project Costs theretofore paid from the Project Fund, and (c) identifies (i) the amounts, if any, to remain on deposit in the Project Fund for payment of Project Costs thereafter intended to be requisitioned by the District, and (ii) the amounts (if any) to be transferred by the Trustee from the Project Fund to the Lease Payment Fund under Section 4.04 of the Trust Agreement.

ARTICLE IV

LEASE PAYMENTS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 4.1. *Lease of Leased Property.* The Corporation hereby leases the Leased Property to the District, and the District hereby leases the Leased Property from the Corporation, upon the terms and conditions set forth in this Lease.

SECTION 4.2. *Term.* The Term of this Lease commences on the date of execution and delivery hereof and ends on the date on which the Trust Agreement is discharged under Section 13.01 thereof, but under any circumstances not later than October 1, 20___. The provisions of this Section are subject to the provisions of Section 4.6 relating to the substitution of property, the provisions of Section 4.7 relating to the release of property, and the provisions of Section 6.2 relating to the taking in eminent domain of the Leased Property or any portion thereof. Notwithstanding the foregoing provisions of this Section, the District may not terminate this Lease as a remedy for a default by the Corporation.

SECTION 4.3. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, the District will pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Appendix B hereto, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Appendix B, and to be deposited by the District with the Trustee on each of the Lease Payment Dates specified in Appendix B. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article IX and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) will be credited towards the Lease Payment then required to be paid; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period are for the use of the Leased Property during such Rental Period.

(b) Effect of Prepayment. If the District prepays all Lease Payments in full under Sections 9.2, 9.3 or 9.4, and if the District has paid all Additional Payments then due and payable, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under Sections 9.2, 9.3 or 9.4, the principal components of the remaining Lease Payments will be reduced in integral multiples of \$5,000 among Lease Payment Dates on a basis which corresponds to the principal maturities of the Certificates which are prepaid thereby; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid under the corresponding provisions of Section 3.01 of the Trust Agreement.

(c) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest represented by any Outstanding Certificate.

(d) Fair Rental Value. The Lease Payments and Additional Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and the District will pay the Lease Payments and Additional Payments in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The Corporation and the District have agreed and determined that the total Lease Payments and Additional Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated value of the Leased Property as of the Closing Date, other obligations of the District and the Corporation under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments and Additional Payments are payable from any source of available funds of the District, subject to the provisions of Articles VI and IX. The District covenants to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments due hereunder in each of its final approved budgets. The District further covenants to make all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the District for all the actual amount of Lease Payments and Additional Payments which come due and payable during the period covered by each such budget. The covenants on the part of the District contained herein are duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the District.

(f) Assignment. The District acknowledges that all Lease Payments have been assigned by the Corporation to the Trustee in trust under the Assignment Agreement, dated as of September 1, 2017 and recorded concurrently herewith, for the benefit of the Owners of the Certificates and the Certificate Insurer, and the District consents to such assignment. The Corporation directs the District, and the District agrees to pay to the Trustee at its Office, all payments payable by the District under this Section and all amounts payable by the District under Article IX.

SECTION 4.4. *Additional Payments.* In addition to the Lease Payments, the District shall pay when due, as additional rental for the Leased Property hereunder, all costs and expenses incurred by the District hereunder or under the Trust Agreement, or incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee and all of its reasonable costs and expenses (including amounts payable to the Trustee by virtue of indemnification) payable as a result of the performance of and compliance with its duties under the Trust Agreement, all reimbursements of costs to the Certificate

Insurer that do not constitute payment of Lease Payments, all amounts owed pursuant to that certain Debt Service Reserve Agreement, by and between the District and the Certificate Insurer as issuer of the Reserve Policy, all amounts due to the Certificate Insurer that do not constitute payment of Lease Payments, all amounts required to repay draws on a Reserve Facility, including specifically the Reserve Policy, and all reasonable costs and expenses of attorneys, auditors, engineers and accountants engaged by the Corporation or the Trustee in connection with the Leased Property or the performance of their duties hereunder or under the Trust Agreement.

SECTION 4.5. *Title.* At all times during the Term of this Lease, the District will hold title to the Leased Property, subject to the Site Lease and other Permitted Encumbrances, including all additions which comprise fixtures, repairs, replacements or modifications thereto, and subject to the provisions of Section 5.2.

Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Leased Property will be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Leased Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Corporation in and to the Leased Property will be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title.

SECTION 4.6. *Substitution of Property.* The District has the option at any time and from time to time to substitute other real property (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), provided that the District shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution

- (a) No Event of Default has occurred and is continuing.
- (b) The District has filed with the Corporation and the Trustee, and caused to be recorded in the office of the El Dorado County Recorder sufficient memorialization of, an amendment hereof which adds to Appendix A hereto a description of such Substitute Property and deletes therefrom the description of such Former Property.
- (c) The District has obtained a CLTA policy of title insurance which insures the District's leasehold estate hereunder in such Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof;
- (d) The District has certified in writing to the Corporation and the Trustee that such Substitute Property serves the educational purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the District and to serve an essential governmental function of the District.

- (e) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made herein or in the Trust Agreement.
- (f) The District has filed with the Corporation and the Trustee an appraisal or other written documentation which establishes that the estimated value and the fair rental value of the Substitute Property are at least equal to the estimated value and the fair rental value, respectively, of the Former Property, and that the useful life of the Substitute Property at least equals the lesser of (i) the useful life of the Former Property, or (ii) the final Lease Payment Date of the Lease Payments.
- (g) The District has mailed written notice of such substitution to each rating agency which then maintains a rating on the Certificates.
- (h) The District shall have obtained the prior written consent of the Certificate Insurer to such substitution.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution. The Corporation and the District will execute, deliver and cause to be recorded all documents required to discharge this Lease against the Former Property.

SECTION 4.7. *Release of Property.* The District has the option at any time and from time to time to release any portion of the Leased Property from this Lease and the Site Lease (the "Released Property") provided that the District has satisfied all of the following requirements which are hereby declared to be conditions precedent to such release

- (a) No Event of Default has occurred and is continuing.
- (b) The District has filed with the Corporation and the Trustee, and caused to be recorded in the office of the El Dorado County Recorder sufficient memorialization of, an amendment hereof which removes the Released Property from this Lease and the Site Lease.
- (c) The District has certified in writing to the Corporation and the Trustee that the estimated value of the property which remains subject to this Lease and the Site Lease following such release is at least equal to the aggregate original principal amount of the Certificates, and the fair rental value of the property which remains subject to this Lease and the Site Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder.
- (d) The District has mailed written notice of such release to each rating agency which then maintains a rating on the Certificates.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge this Lease and the Site Lease of record against the Released Property.

SECTION 4.8. *No Merger.* It is the express intention of the Corporation and the District that this Lease and the obligations of the parties hereunder are separate and distinct from the Site Lease and the obligations of the parties thereunder, and that during the term of the Site Lease and this Lease no merger of title or interest may occur or be deemed to occur as a result of the respective positions of the Corporation and the District thereunder and hereunder.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the sole responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the District under the terms of this Lease.

The District will also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District is obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation notifies the District that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially

endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation and the Trustee.

SECTION 5.2. *Modification of Leased Property.* The District has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District under this Section; provided that if any such lien is established and the District first notifies the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

SECTION 5.3. *Public Liability and Property Damage Insurance.* The District will maintain or cause to be maintained, throughout the Term of this Lease, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District, or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District shall apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

SECTION 5.4. *Casualty Insurance.* The District will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of this Lease, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by

such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the District, whose determination is final and conclusive. Such insurance may be subject to such deductibles as the District deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and with the consent of the Certificate Insurer may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The District shall apply the Net Proceeds of such insurance as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The District will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive Fiscal Years during the remaining Term of this Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, provided that the provider of such insurance shall be rated at least "A" by A.M. Best & Company, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Recordation Hereof; Title Insurance.* The District will, at its expense, cause the Site Lease, the Assignment Agreement and this Lease to be recorded in the office of the El Dorado County Recorder on or before the Closing Date. Concurrent with such recordation, the District shall obtain a CLTA title insurance policy insuring the District's leasehold estate in the Leased Property hereunder, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under such title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited towards the prepayment of the Lease Payments under Section 9.3.

SECTION 5.7. *Insurance Net Proceeds; Form of Policies.* Each policy of insurance maintained under Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee and Certificate Insurer are given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee is not responsible for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

SECTION 5.8. *Installation of District's Personal Property.* The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit

to be installed other items of equipment or other personal property in or upon the Leased Property. All such items will remain the sole property of the District, in which neither the Corporation nor the Trustee has any interest, and may be modified or removed by the District at any time, provided that the District shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest attaches to any part of the Leased Property.

SECTION 5.9. *Liens.* The District may not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Trustee and the Trustee do not materially and adversely affect the leasehold estate in the Leased Property hereunder. Except as expressly provided in this Article, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.10. *Advances.* If the District fails to perform any of its obligations under this Article, the Corporation may take any necessary action to cure the failure, including the advancement of money, and the District shall repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, and deposited in the Insurance and Condemnation Fund to be applied as set forth in Section 6.01 of the Trust Agreement. The District shall pay the Net Proceeds of any eminent domain award with respect to the Leased Property resulting from an event described in Section 6.2 to the Trustee for deposit in the Insurance and Condemnation Fund, to be applied as set forth in Section 6.02 of the Trust Agreement.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease will cease with respect thereto as of the day possession is so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) this Lease will continue in full force

and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. Notwithstanding the foregoing, the Lease Payments will not be abated under this Section to the extent that amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The amount of Lease Payments will be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The amount of such abatement shall be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect and the District waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section to the extent that the proceeds of hazard insurance, rental interruption insurance or amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

SECTION 6.4. *Covenant Against Eminent Domain.* During the Term of this Lease, the District shall not acquire the subleasehold estate of the Corporation in the Leased Property under the Site Lease through the exercise of its eminent domain powers or otherwise.

ARTICLE VII

OTHER COVENANTS

SECTION 7.1. *Disclaimer of Warranties.* THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE DISTRICT LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or

consequential damages, in connection with or arising out of this Lease or the Trust Agreement for the existence, furnishing, functioning or the District's use of the Leased Property.

SECTION 7.2. *Access to the Leased Property.* The District agrees that the Corporation and any Corporation Representative and the Certificate Insurer, and their successors or assigns, may at all reasonable times enter upon and to examine and inspect the Leased Property or any part thereof. The Corporation and any Corporation Representative have such rights of access to the Leased Property or any component thereof as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the District to perform its obligations hereunder; *provided, however*, that neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The District shall indemnify the Corporation, the Trustee and their respective officers, agents, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of any of the following

- (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the District,
- (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease,
- (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, or
- (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Leased Property.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Corporation, the Trustee or their respective officers, agents, employees, successors or assigns.

SECTION 7.4. *Assignment and Subleasing by the District.* The District may sublease the Leased Property, or any portion thereof, subject to all of the following conditions

- (a) This Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District.
- (b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation, the Certificate Insurer and the Trustee a true and complete copy of such sublease.
- (c) No such sublease by the District shall cause the Leased Property to be used for a purpose which is not authorized under the provisions of the laws of the State of California.

- (d) The District shall furnish the Corporation, the Certificate Insurer and the Trustee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.
- (e) The District shall obtain the written consent of the Certificate Insurer to such sublease.

SECTION 7.5. *Amendment of Lease Agreement.* The Corporation and the District may at any time amend or modify any of the provisions of this Lease with the prior written consent of the Certificate Insurer, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; or (b) without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the District contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, for the purpose of conforming to the original intention of the District and the Corporation;
- (iii) to amend any provision thereof relating to the Tax Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by any of the Certificates under the Tax Code, in the opinion of Bond Counsel;
- (iv) to amend the description of any component of the Leased Property to reflect accurately the property originally intended to be included therein, or to effectuate any substitution of property as permitted by Section 4.6 or any release of property as permitted by Section 4.7;
- (v) to obligate the District to pay additional amounts of rental hereunder for the use and occupancy of the Leased Property or any portion thereof, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance the completion of the Project or other improvements to the Leased Property, and (B) the District has filed with the Trustee written evidence that the amendments made under this subsection (v) will not of themselves cause a reduction or withdrawal of any rating then assigned to the Certificates; or
- (vi) in any other respect whatsoever as the Corporation and the District deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Certificates.

The District shall obtain and cause to be filed with the Trustee an opinion of Bond Counsel with respect to any amendment or modification hereof, stating that all conditions precedent to such amendment as set forth in this Section have been satisfied. Promptly following the effective date of any amendment or modification under this Section, the District shall mail written notice thereof to each rating agency which then maintains a rating on the Certificates.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Each of the following events constitutes an Event of Default hereunder:

- (a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed herein or in the Trust Agreement, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however,* that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the District commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease. Notwithstanding anything herein or in the Trust Agreement to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no

termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 8.3.

- (a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subsection (b) of this Section, the District agrees to remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, if the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation.

The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County of Ventura for the account of and at the expense of the District, and the District hereby agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subsection (b) of this Section. The District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let under this paragraph. Any rental obtained by the Corporation in excess of the unpaid Lease Payments shall be deposited with the Trustee in

the Lease Payment Fund, to be applied as a credit against future Lease Payments.

- (b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Corporation terminates this Lease at its option and in the manner hereinafter provided on account of default by the District (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be deposited in the Lease Payment Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation has given written notice to the District of the election on the part of the Corporation to terminate this Lease. The District agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.
- (c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article it is not necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Lease defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand

therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not constitute a waiver of any other breach hereunder.

SECTION 8.6. *Application of Proceeds.* All net proceeds received from the re-lease of the Leased Property under this Article, and all other amounts derived by the Corporation or the Trustee as a result of the occurrence of an Event of Default, shall be paid to the Trustee and applied in accordance with Section 12.04 of the Trust Agreement.

SECTION 8.7. *Trustee and Certificate Owners to Exercise Rights.* Such rights and remedies as are given to the Corporation under this Article have been assigned by the Corporation to the Trustee under the Assignment Agreement for the benefit of the Certificate Owners, to which assignment the District hereby consents. The Trustee and the Certificate Owners shall exercise such rights as provided in the Trust Agreement.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Trust Agreement, is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, (which opinion shall be addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.3(a) as the District instructs at the time of said deposit.

If the District posts a security deposit under this Section with respect to all unpaid Lease Payments and if the District has paid or caused to be paid all Additional Payments then due and payable, and notwithstanding the provisions of Section 4.2, (a) the Term of this Lease will continue, (b) all obligations of the District under this Lease, and all security provided by this Lease for said obligations, will thereupon cease and terminate, excepting only the obligation of the District to make, or cause to be made all of the Lease Payments from such security deposit, and (c) under Section 4.6, title to the Leased Property will vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Optional Prepayment.* The District may exercise its option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$5,000, on any date on or after October 1, 20____, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, without prepayment premium.

In addition and notwithstanding the foregoing, the District may exercise its option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$5,000, on any date on or after _____ 1, 20____ from State Reimbursements, General Obligation Bond Proceeds or unspent proceeds of the Certificates, upon payment of a prepayment price equal to 100% of the principal amount of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Such prepayment price shall be deposited by the Trustee upon receipt in the Lease Payment Fund, to be applied to the prepayment of Certificates under Section 3.01(a) of the Trust Agreement. The District shall give the Trustee written notice of its intention to exercise its option not less than 45 days in advance of the date of exercise.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The District is obligated to prepay the principal components of the Lease Payments, in whole on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Lease Payment Fund for such purpose under Article VI hereof and Article VI of the Trust Agreement. The District and the Corporation hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this Section. Such prepayment price shall be deposited by the Trustee in the Lease Payment Fund to be applied to the prepayment of Certificates under Section 3.01(b) of the Trust Agreement.

SECTION 9.4. *Credit for Amounts on Deposit.* If the District prepays the principal components of the Lease Payments in full under Sections 9.2, 9.3 or 9.4, such that the Trust Agreement is discharged by its terms as a result of such prepayment, at the written election of the District filed with the Trustee any or all amounts then on deposit in the Lease Payment Fund, the Project Fund or the Reserve Fund will be credited towards the amounts then required to be so prepaid. If the District prepays the principal components of the Lease Payments in part under Sections 9.2, 9.3 or 9.4, any amount held in the Reserve Fund in excess of the Reserve Requirement may, at the written election of the District filed with the Trustee, be applied to prepay an additional principal amount of the Lease Payments.

ARTICLE X
PROVISIONS RELATING TO THE CERTIFICATE
INSURER

[to come if insurance is obtained]

ARTICLE XI
MISCELLANEOUS

SECTION 11.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease may be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice will be effective either (a) upon transmission by facsimile, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. Notices may be delivered in via e-mail to the officer identified below but will only be effective upon receipt by the sender of an acknowledgment of such recipient.

<i>If to the District:</i>	Rescue Union School District 2390 Bass Lake Road Rescue, California 95672 Fax: 530-677-0791 Attention: Superintendent
<i>If to the Corporation:</i>	Local Facilities Finance Corporation 9258 Brunello Court Bakersfield, California 93314 Attention: President
<i>If to the Trustee:</i>	U.S. Bank National Association 633 West 5th Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Services Fax: (213) 615-6196
<i>If to the Insurer:</i>	_____ _____ _____

SECTION 11.2. *Binding Effect.* This Lease inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns.

SECTION 11.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding does not invalidate or render unenforceable any other provision hereof.

SECTION 11.4. *Net-net-net Lease.* This Lease is a “net-net-net lease” and the District hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 11.5. *Third Party Beneficiary.* The Trustee and the Certificate Insurer are hereby made third party beneficiaries hereunder with all rights of third party beneficiaries.

SECTION 11.6. *Further Assurances and Corrective Instruments.* The Corporation and the District shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 11.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 11.9. *Corporation and District Representatives.* Whenever under the provisions of this Lease the approval of the Corporation or the District is required, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by an Corporation Representative and for the District by a District Representative, and any party hereto shall be authorized to rely upon any such approval or request.

SECTION 11.10. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

IN WITNESS WHEREOF, the Corporation and the District have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

LOCAL FACILITIES FINANCE CORPORATION,
as lessor

By _____
President

RESCUE UNION SCHOOL DISTRICT, as lessee

By _____
Superintendent

Attest

Secretary

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the County of El Dorado, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

--Insert legal description of Lake Forest Elementary School--

APPENDIX B

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	Principal Component	Interest Component	Aggregate Lease Payment
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TRUST AGREEMENT

Dated as of September 1, 2017

among

U.S. BANK NATIONAL ASSOCIATION,
as trustee

LOCAL FACILITIES FINANCE CORPORATION

and the

RESCUE UNION SCHOOL DISTRICT

Relating to

\$ _____
2017 Certificates of Participation
(2017 Capital Projects)

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TRUST AGREEMENT

This TRUST AGREEMENT (this "Trust Agreement"), dated as of September 1, 2017, is between U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), the LOCAL FACILITIES FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the RESCUE UNION SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District").

BACKGROUND:

1. The District is proceeding to finance high priority capital facilities improvements, including constructing and expanding Marina Village Middle School (the "Projects").

2. In order to provide funds to finance the Projects, the District has leased the land and buildings located thereon known as Lake Forest Elementary School located at 2240 Salisbury Drive, El Dorado Hills, California (the "Leased Property"), to the Corporation under a Site Lease in consideration of the payment of an upfront rental payment in an amount sufficient for such purposes, and the Corporation has agreed to lease the Leased Property back to the District under a Lease Agreement dated as of September 1, 2017 (the "Lease Agreement"), in consideration of the agreement by the District to semiannual lease payments (the "Lease Payments").

3. The Corporation has assigned its right to receive the Lease Payments to the Trustee, and in consideration of such assignment the Trustee has agreed to execute and deliver \$_____ aggregate principal amount of 2017 Certificates of Participation (2017 Capital Projects) (the "Certificates"), each evidencing a direct, undivided fractional interest in the Lease Payments, the proceeds of which will be applied to finance the acquisition and construction of the Project, as further provided in this Trust Agreement.

4. Payment of principal and interest represented by the Certificates is insured by a Municipal Bond Insurance Policy (the "Certificate Insurance Policy") issued by the _____ (the "Certificate Insurer"), and the Certificate is issuing a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy") to be credited to the Reserve Fund (defined herein).

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District, the Corporation and the Trustee formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Trust Agreement have the meanings given them in Appendix A hereto.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

SECTION 2.01. *Authorization.* The Trustee is hereby authorized and directed upon written request from the District to register, execute and deliver to the Original Purchaser, Certificates in the aggregate principal amount of \$_____. The Certificates evidence direct, undivided fractional ownership interests of the Owners thereof in the Lease Payments.

SECTION 2.02. *Date.* Each Certificate shall be dated as of the date of its execution and interest represented thereby shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless:

- (a) it is executed following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest represented thereby shall be payable from such Interest Payment Date,

- (b) unless it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date, or
- (c) if, as of the date of any Certificate, interest represented by such Certificate is in default, in which event interest represented thereby shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate.

SECTION 2.03. *Terms of Certificates.* Principal represented by the Certificates is payable on October 1 in each of the respective years and in the respective amounts, and interest represented thereby is computed at the respective rates, as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
--------------------------------------------	-----------------------------------	--------------------------------

SECTION 2.04. *Fully Registered Form; Interest.* The Certificates will be delivered in the form of fully registered Certificates without coupons in the authorized denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Trustee shall assign the Certificates such alphabetical and numerical designation as the Trustee deems appropriate.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier, as provided in Section 2.09. Said interest represents the portion of Lease Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year consisting of twelve 30-day months).

SECTION 2.05. *Book Entry System.*

(a) Original Delivery. The Certificates will be initially executed and delivered in the form of a separate single fully registered Certificate (which may be typewritten) for each maturity of the Certificates. Upon initial delivery, the ownership of each such Certificate will be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Certificates shall be registered in the name of the Nominee on the Registration Books.

With respect to Certificates the ownership of which is registered in the name of the Nominee, the District and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Certificates. Without limiting the generality of the immediately preceding sentence, the District and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any notice with respect to the Certificates, including any notice of prepayment, (iii) the selection by the Depository of the beneficial interests in the Certificates to be prepaid if the District elects to prepay the Certificates in part, (iv) the payment to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Certificates or (v) any consent given or other action taken by the Depository as Owner of the Certificates. The District and the Trustee may treat and consider the person in whose name each Certificate is registered as the absolute owner of such Certificate for the purpose of payment of principal, premium, if any, and interest represented by such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers of ownership of such Certificate, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Certificates only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Certificates to the extent of the sum or sums so paid. No person other than a Certificate Owner may receive a Certificate evidencing the obligation of the District to make payments of principal, interest and premium, if any, under this Trust Agreement. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Certificates for the Depository's book-entry system, the District shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Certificates. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Certificates other than the Certificate Owners. The Trustee shall agree to take all action reasonably necessary for all representations of the District in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Trust Agreement, to qualify the Certificates for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the issuance of replacement Certificates by providing the Trustee with a list showing the interests of the Depository

System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be executed and delivered. The Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Certificates shall designate, in accordance with the provisions hereof.

If the District determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the District may notify the Depository System Participants of the availability of such certificated Certificates through the Depository. In such event, the Trustee will execute, register, transfer and exchange Certificates as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the District shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Certificates to any Depository System Participant having Certificates credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Certificates, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.06. *Form and Execution of Certificates.* The Certificates shall be substantially in the form set forth in Appendix B hereto. The Trustee shall execute the Certificates with the manual signature of an authorized signatory of the Trustee. If any person whose signature appears on any Certificate ceases to be an authorized signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if such person had remained an authorized signatory until such date.

SECTION 2.07. *Transfer and Exchange.*

(a) Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, manually executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The District shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Certificate Owner of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Exchange of Certificates. Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee shall require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) Limitations on Transfer or Exchange. The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate which the Trustee has selected for prepayment in whole or in part under the provisions of Section 3.02.

SECTION 2.08. *Certificates Mutilated, Lost, Destroyed or Stolen.* If any Certificate is mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. The Trustee shall cancel and destroy every mutilated Certificate so surrendered to it and shall deliver a certificate of destruction to the District at the request of the District. If any Certificate is lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee is given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee shall determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee is not required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee and the District.

SECTION 2.09. *Payment.* Payment of interest represented by any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such Owner, by first class mail postage prepaid, at such Owner's address as it appears on the Registration Books. At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee prior to the Record Date preceding any Interest Payment Date, the Trustee shall pay interest represented by such Certificates coming due and payable on such Interest Payment Date by wire transfer in immediately available funds to such account in the United States as is specified in such written request. The principal, interest and prepayment premium, if any, represented by any Certificate at maturity or upon

prepayment are payable in lawful money of the United States of America upon surrender of such Certificate at the Office of the Trustee.

SECTION 2.10. *Execution of Documents and Proof of Ownership.* Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

- (a) The fact and date of the execution by any Owner or any Owner's attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to acknowledge deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of an Corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of authority.
- (b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of such person's holding the same shall be proved by the Registration Books.

Nothing in this Section limits the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate binds every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee under such request or consent.

SECTION 2.11. *Registration Books.* The Trustee shall keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the District and the Corporation upon prior notice, during regular business hours; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

ARTICLE III

PREPAYMENT OF CERTIFICATES

SECTION 3.01. *Prepayment.*

(a) Optional Prepayment. The Certificates are subject to prepayment prior to their stated maturity, at the option of the District, in whole, or in part by lot, on October 1, 20____, or on any date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

(b) Prepayment From Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment, in whole or in part on any Business Day, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under Section 9.3 of the Lease Agreement and Article VI, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

(c) Sinking Fund Prepayment. The Certificates are also subject to mandatory sinking fund prepayment by lot on October 1 in each year as set forth in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Sinking Fund Prepayment Date (October 1)	Principal Amount To Be Prepaid
---------------------------------------------------------	-------------------------------------------

Notwithstanding the foregoing, if some but not all of the Certificates are prepaid under the foregoing optional prepayment provisions, the aggregate principal amount of the Certificates to be prepaid in each year thereafter under this subsection (c) shall be reduced by the aggregate principal amount of Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the Certificates subject to prepayment on any date under this subsection (c) is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

(d) Extraordinary Optional Prepayment from State Reimbursements or General Obligation Bond Proceeds. The Certificates are subject to extraordinary optional prepayment before their stated maturity at the option of the District, in whole, or in part by lot, on _____ 1, 20__ or on any date thereafter from State Reimbursements, General Obligation Bond Proceeds or unspent proceeds of the Certificates, upon

payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

SECTION 3.02. *Selection of Certificates for Prepayment.* Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any maturity are called for prepayment, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

SECTION 3.03. *Notice of Prepayment.* When prepayment is authorized or required under Section 3.01, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice must:

- (a) state the prepayment date and prepayment price;
- (b) state the numbers or maturities of the Certificates to be prepaid, if less than all of the then Outstanding Certificates are to be called for prepayment;
- (c) if a Certificate is to be prepaid only in part, identify the portion of the Certificate which is to be prepaid;
- (d) require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price;
- (e) state that interest represented by the Certificates will not accrue from and after the prepayment date; and
- (f) state that on the prepayment date the principal and premium, if any, represented by each Certificate will become due and payable, together with accrued interest represented thereby to the prepayment date, and that from and after such date interest represented thereby ceases to accrue and be payable.

The Trustee has no liability for any designation of the CUSIP numbers of the Certificates to be prepaid, and neither the failure to identify the CUSIP numbers of the Certificates to be prepaid nor any incorrect designation of such CUSIP numbers will affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

The Trustee shall mail notice of prepayment by first class mail with postage prepaid, to the Securities Depositories and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least 20 days but not more than 60 days prior to the prepayment date. Neither the failure to receive any such notice nor any defect in any notice so mailed shall affect the sufficiency

of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

The District may rescind any optional prepayment of the Certificates, and notice thereof, for any reason on any date prior to the date fixed for such optional prepayment by causing written notice of the rescission to be given to the Owners of the Certificates so called for prepayment. Notice of rescission of optional prepayment will be given in the same manner in which the notice of prepayment was originally given. The actual receipt of notice of such rescission is not a condition precedent to rescission and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. The District, the Corporation or the Trustee have no liability to the Owners of any Certificates, or any other party, as a result of the District's decision to rescind an optional prepayment of the Certificates.

SECTION 3.04. *Partial Prepayment of Certificates.* Upon surrender of any Certificate prepaid in part only, the Trustee shall execute, register and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

SECTION 3.05. *Effect of Notice of Prepayment.* Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund, the Certificates shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

All Certificates paid at maturity or prepaid prior to maturity under the provisions of this Article III shall be canceled upon surrender thereof.

SECTION 3.06. *Purchase of Certificates.* In lieu of prepayment of Certificates as provided in this Article III, amounts held by the Trustee for such prepayment may, at the written request of the District Representative received by the Trustee at least 75 days prior to the selection of Certificates for prepayment, with the consent of the Certificate Insurer, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid.

ARTICLE IV

DISPOSITION OF PROCEEDS OF SALE

SECTION 4.01. *Application of Proceeds.* The proceeds (net of Original Purchaser's discount in the amount of \$_____ and premium paid directly to the Certificate Insurer in the amount of \$_____ for the Certificate Insurance Policy and the Reserve Policy) received by the Trustee from the sale of the Certificates on the Closing Date _____) shall forthwith be deposited by the Trustee in the following respective funds and in the following order of priority:

- (a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.
- (b) The Trustee shall deposit the amount of \$_____, constituting the remainder of the Certificate proceeds, in the Project Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such deposits.

The parties hereto are advised and acknowledge that on the Closing Date from the proceeds of the Certificates, the Original Purchaser paid on behalf of the District to the Certificate Insurer \$_____ as payment of the premium for the Certificate Insurance Policy and \$_____ as payment of the premium for the Reserve Policy, which the Trustee shall credit to the Reserve Fund.

SECTION 4.02. *Reserve Fund.*

(a) General Provisions. The Trustee shall establish a special fund designated as the "Reserve Fund" to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, and applied solely as provided herein. Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the District.

The Trustee shall retain in the Reserve Fund all earnings on the investment of amounts therein to the extent required to maintain the full amount of the Reserve Requirement on deposit therein. All amounts on deposit in the Reserve Fund at any time in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, shall be transferred by the Trustee to the Project Fund prior to the Completion Date, and thereafter to the Lease Payment Fund semiannually on or before each Lease Payment Date. Any recomputation of the Reserve Requirement shall be made by or on behalf of the District, and shall become effective upon the filing by the District with the Trustee of written notice thereof.

(b) Application of Reserve Fund. If on any Interest Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the District by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any

delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

If on any Interest Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and prepayment premium, if any, represented by any Certificates theretofore having come due but not presented for payment) are sufficient to pay or prepay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any) represented thereby, the Trustee shall, upon the written request of the District, either (i) transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied for such purpose to the payment of the Lease Payments on behalf of the District, or (ii) transfer such amounts to the District for deposit into the Project Fund prior to the completion of the Project. Any amounts remaining in the Reserve Fund on the date of payment in full, or provision for such payment as provided in Section 13.01, of all obligations represented by the Outstanding Certificates and upon all fees and expenses then due and owing to the Trustee, shall be withdrawn by the Trustee and at the written request of the District applied towards such payment or paid to the District.

(c) Reserve Facility. The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund a Reserve Facility, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A" from Moody's, and/or "A" from S&P, on the date such security is deposited into the Reserve Fund (provided that the Trustee shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of a Reserve Facility, the Trustee shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of this Trust Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon.

[The Reserve Requirement will initially be satisfied by deposit in the Reserve Fund of the Reserve Policy delivered by the Certificate Insurer. The District and the Trustee covenant to comply with each of the provisions set forth in Appendix D hereto.]

(d) If, as a result of the payment of principal or interest evidenced by the Certificates or otherwise, the Reserve Requirement is reduced, and the Reserve Requirement is not then satisfied by a Reserve Facility, funds on deposit in the Reserve Fund in excess of said reduced Reserve Requirement shall be transferred to the Lease Payment Fund.

(e) On any date on which Certificates are defeased in accordance with the terms hereof, the Trustee shall, if so directed in a written request of the District, transfer any moneys in the Reserve Fund in excess of the Reserve Requirement resulting from such defeasance to the entity or fund so specified in such written request of the District, to be applied to such defeasance.

SECTION 4.03. *Establishment and Application of Costs of Issuance Fund*. The Trustee shall establish, maintain and hold in trust a separate fund designated as the

“Costs of Issuance Fund.” The Trustee shall disburse moneys in the Costs of Issuance Fund to pay the Costs of Issuance upon submission of written requisitions executed by a District Representative stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On December 1, 2017, the Trustee shall withdraw all remaining moneys in the Costs of Issuance Fund and deposit such moneys in the Project Fund, and the Trustee shall thereupon close the Costs of Issuance Fund.

SECTION 4.04. *Project Fund.* The Trustee shall establish, maintain and hold in trust a separate fund to be known as the “Project Fund.” The Trustee shall disburse moneys in the Project Fund from time to time to pay or reimburse the payment of Project Costs in accordance with written requisitions filed by the District with the Trustee. Each such written requisition shall be signed by a District Representative and shall state, with respect to each payment to be made thereby, the name and address of the firm or Corporation to whom such payment is to be made, the amount and purpose of such payment and that such constitutes payment of a Project Cost, and must be accompanied by an invoice or statement evidencing such payment. Each such requisition is sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. The Trustee is not responsible for payments made in accordance with this Section. The District shall maintain accurate records showing all disbursements from the Project Fund, including records which show the name and address of each firm or Corporation to whom payment is made and the amount and purpose of each payment.

Upon the determination by the District that the Project has been substantially completed, in accordance with Section 3.3 of the Lease Agreement, the Trustee will withdraw from the Project Fund and deposit in the Lease Payment Fund all amounts remaining on deposit in the Project Fund, other than amounts estimated by the District to be required to pay future Project Costs. Whether or not the Project has been substantially completed, upon the filing with the Trustee of a written certificate of the District stating that no further amounts are intended to be requisitioned from the Project Fund, the Trustee shall thereupon close the Project Fund and transfer all remaining amounts therein to the Lease Payment Fund.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

SECTION 5.01. *Assignment of Rights in Lease Agreement.* Under the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee certain of its rights under the Lease Agreement, including but not limited to all of the Corporation’s rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund. The District shall pay to the Trustee all Lease Payments and other amounts which have been assigned to the Trustee under the Assignment Agreement. Any Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and the Corporation shall immediately transfer all such Lease Payments and other amounts to the Trustee.

SECTION 5.02. *Establishment of Lease Payment Fund.* The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation has any beneficial right or interest in the Lease Payment Fund, or the moneys deposited therein, except only as provided in this Trust Agreement, and the Trustee shall apply the Lease Payment Fund solely as set forth in this Trust Agreement.

SECTION 5.03. *Deposits.* The Trustee shall deposit all Lease Payments received by it in the Lease Payment Fund, including any moneys received by the Trustee for deposit therein under Section 5.01 or under Article VI hereof, or Article IX of the Lease Agreement, and any other moneys required to be deposited therein under the Lease Agreement or under this Trust Agreement.

SECTION 5.04. *Application of Moneys.* The Trustee shall apply amounts in the Lease Payment Fund solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Certificates as the same become due and payable, in accordance with the provisions hereof.

SECTION 5.05. *Surplus.* Any surplus remaining in the Lease Payment Fund, after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee and the Certificate Insurer or provision for such prepayment or payment having been made to the satisfaction of the Trustee and the Certificate Insurer, shall be withdrawn by the Trustee and remitted to the District.

ARTICLE VI

INSURANCE AND CONDEMNATION FUND

SECTION 6.01. *Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award.* Any Net Proceeds of insurance collected by the District in the event of accident to or destruction of any component of the Leased Property shall be paid to the Trustee under Section 6.1 of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall thereupon establish. If the District determines and notifies the Trustee in writing of its determination, within 90 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the District, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments under Section 9.3 of the Lease Agreement and the corresponding prepayment of Certificates under Section 3.01(b), which prepayment shall be made on the first prepayment date for which notice of prepayment can be timely given. Notwithstanding the foregoing provisions of this Section, the determination of the District to apply Net Proceeds to the prepayment of Certificates is subject to the following:

- (a) if the Leased Property is damaged or destroyed in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments allocable to the Leased Property; and
- (b) if the Leased Property is damaged or destroyed in part but not in whole, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments which result after the corresponding abatement thereof under Section 6.3 of the Lease Agreement are sufficient to pay the full amount of principal and interest represented by the Certificates which remain Outstanding after such prepayment.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after the District shall file a written certificate with the Trustee stating that such work has been completed shall, after payment of all amounts then due and owing to the Trustee hereunder, be paid to the District.

SECTION 6.02. *Deposit and Application of Net Proceeds of Eminent Domain Award.* If all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, under Section 6.1 of the Lease Agreement, and shall be applied and disbursed by the Trustee as follows:

- (a) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the District has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as they become due and payable.
- (b) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the

Lease Agreement, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for the repair or rehabilitation of the Leased Property, upon the filing of requisitions of the District Representative meeting the requirements of Section 6.01.

- (c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District gives written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments under Section 9.3 of the Lease Agreement and applied to the corresponding prepayment of Certificates under Section 3.01(b), which prepayment shall be made on the first prepayment date for which notice of prepayment can be timely given.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section, the District may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. Any such determination by the District is final.

ARTICLE VII

MONEYS IN FUNDS; INVESTMENTS

SECTION 7.01. *Held in Trust.* The moneys and Permitted Investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the District and the Owners of the Certificates solely for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the District or the Owner of any Certificates.

SECTION 7.02. *Investments Authorized.* Upon the written request of a District Representative filed with the Trustee from time to time, moneys held by the Trustee in any fund or account hereunder shall be invested and reinvested by the Trustee in Permitted Investments which mature not later than the date such moneys are required or estimated by the District to be required to be expended hereunder. In the absence of any written request of the District directing the investment of uninvested moneys held by the Trustee hereunder, the Trustee shall invest such moneys in Permitted Investments described in clause (e) of the definition thereof. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall

be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Whenever in this Trust Agreement any moneys are required to be transferred by the District to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Section.

The District shall invest amounts held by it in the Project Fund in any investments which are authorized for the investment of funds within the control of the District under the applicable laws of the State of California.

SECTION 7.03. *Accounting.* The Trustee shall furnish to the District, not less than monthly, an accounting (in the form customarily used by the Trustee) of all investments and other transactions made by the Trustee under this Trust Agreement.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which will include detail for all investment transactions made by the Trustee hereunder.

SECTION 7.04. *Allocation of Earnings.* Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made; *provided, however,* that all income received on the investment of amounts on deposit in the Reserve Fund shall be applied as set forth in Section 4.02.

SECTION 7.05. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, the District covenants that all investments of amounts deposited in any fund or account created by or under this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the express investment directions of the District in any written directions of a District Representative.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued by the District at their present value (within the meaning of Section 148 of the Tax Code); provided that the District shall provide written notice to the Trustee as to which funds are subject to a yield restriction.

(c) For the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least quarterly at the market value thereof. The Trustee may sell at the best price reasonably obtainable, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Permitted Investment.

(d) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and any related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. *Appointment of Trustee.* U.S. Bank National Association is hereby appointed Trustee by the Corporation and the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The Corporation and the District agree that they will maintain a Trustee having a corporate trust office in the State of California and having a combined capital and surplus (or whose related bank holding company has a combined capital and surplus) of at least \$50,000,000, and which shall be subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If such bank or trust company publishes a report of condition at least annually under law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The District and the Corporation covenant that they will maintain a Trustee qualified under the provisions of the foregoing provisions of this Section, so long as any Certificates are Outstanding.

The Trustee is hereby authorized to pay or prepay the Certificates when duly presented as provided herein for payment at maturity, or on prepayment, or on purchase by the Trustee as directed by the District prior to maturity in accordance with Section 3.06, and to cancel all Certificates upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trustee shall be compensated for its services rendered under the provisions of this Trust Agreement.

SECTION 8.02. *Acceptance of Trusts.* The Trustee hereby accepts the express trusts imposed upon it by this Trust Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

- (a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement, and shall use the same degree of care and skill in their exercise, as a responsible corporate trustee would exercise or use under the circumstances.
- (b) No provision in this Trust Agreement requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not in the conclusive opinion of the Trustee satisfactorily assured to it.

- (c) The Trustee is not responsible or liable for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the validity or sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby and the Trustee shall not be bound at any time to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the District under the Lease Agreement. The Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VII.
- (d) The Trustee is not accountable for the use of any Certificates delivered hereunder. The Trustee may become the Owner of Certificates with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.
- (e) The Trustee shall be protected in acting upon any notice, request, requisition, consent, certificate, order, affidavit, letter, telegram, direction, facsimile transmission, electronic mail or other paper or document believed by the trust officer responsible for the administrative of the trusts created hereunder to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith under this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates delivered in exchange therefor or in place thereof. The Trustee is not bound to recognize any person as an Owner of any Certificate or to take any action at such person's request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee.
- (f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an Corporation Representative or a District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in Section 8.02(h), shall also be at liberty to accept a similar certificate to the

effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Corporation Representative or a District Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the District, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

- (g) The permissive right of the Trustee to do things enumerated in this Trust Agreement may not be construed as a duty and the Trustee is not answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee extend to its officers, directors, employees and agents.
- (h) The Trustee is not required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the Lease Payments to the Trustee required to be made by the District under the Lease Agreement or failure by the Corporation or the District to file with the Trustee any document required by this Trust Agreement or the Lease Agreement to be so filed subsequent to the delivery of the Certificates, unless the Trustee shall be specifically notified in writing of such default by the Corporation, the District or the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding. All notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.
- (i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not any duty) fully to inspect the Leased Property, including all books, papers and records of the Corporation or the District pertaining to the Leased Property and the Certificates, and to take such memoranda from and with regard thereto as may be desired.
- (j) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.
- (k) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee has the right, but is not required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a

condition of such action, which may be deemed desirable by the Trustee for the purpose of establishing the right of the Corporation or the District to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

- (l) Before taking any action referred to in Section 12.03 at the direction of the Certificate Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Certificate Owners, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.
- (m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee has no liability for interest on any moneys received hereunder except such as may be agreed upon, other than interest derived from investments made or required to be made under Section 7.02.
- (n) The Trustee is not responsible for the sufficiency of the Lease Agreement, its right to receive moneys under the Lease Agreement, or the value of or title to the Leased Property.
- (o) The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.
- (p) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers and the Trustee is not responsible for any misconduct or negligence on the part of any attorney, agent, or receiver appointed with due care. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and shall be protected in any action taken or suffered by it hereunder in reliance on such advice.
- (q) The Trustee is not liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.
- (r) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public

enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

- (s) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions under this Trust Agreement provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee has received a current incumbency certificate containing the specimen signature of such designated person.
- (t) The Trustee is authorized and directed by the District to enter into the Assignment Agreement.

SECTION 8.03. *Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and reimbursement by the District for reasonable fees for its services rendered hereunder and all advances, agent and counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee has a first lien with right of payment prior to payment on account of principal, premium, if any, and interest represented by any Certificate upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee shall be entitled to interest on all moneys advanced by it in the performance of its duties hereunder at the maximum legal rate allowable.

SECTION 8.04. *Notice to Certificate Owners of Default.* If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, as provided in Section 8.02(h), then the Trustee shall promptly give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Certificate, unless such Event of Default has been cured before the giving of such notice; *provided, however* that unless such Event of Default consists of the failure by the District to make any Lease Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

SECTION 8.05. *Removal of Trustee.* The District may, with the written consent of the Certificate Insurer, remove the Trustee at any time, unless an Event of Default has occurred and is continuing, and shall remove the Trustee (a) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a

majority in aggregate principal amount of the Certificates then Outstanding (or their attorneys duly authorized in writing) or (b) if at any time the Trustee ceases to be eligible in accordance with Section 8.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' prior written notice of such removal by the District to the Trustee, whereupon the District shall appoint a successor Trustee in accordance with Section 8.07.

SECTION 8.06. *Resignation by Trustee.* The Trustee and any successor Trustee may at any time resign by giving written notice by registered or certified mail to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee in accordance with Section 8.07. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the District shall mail notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books.

SECTION 8.07. *Appointment of Successor Trustee.* If the Trustee resigns or is removed under Sections 8.05 or 8.06, respectively, the District shall promptly appoint a successor Trustee acceptable to the Certificate Insurer. If the District for any reason whatsoever fails to appoint a successor Trustee within 30 days following the delivery to the Trustee of the instrument described in Section 8.05 or within 30 days following the receipt of notice by the District under Section 8.06, the Trustee may apply, at the expense of the District, to any federal or state court for the appointment of a successor Trustee meeting the requirements of Section 8.01. Any such successor Trustee appointed by such court will become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 30 day period.

SECTION 8.08. *Merger or Consolidation.* Any company or association into which the Trustee 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 or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 8.01, shall be the successor to the Trustee and vested with all of the title to the trust estate 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 further act, anything herein to the contrary notwithstanding.

SECTION 8.09. *Concerning any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Corporation and the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the District, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities

and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the District be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VIII, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement has been filed or recorded.

SECTION 8.10. *Non-Liability of Trustee.* The recitals, statements and representations by the District and the Corporation contained in this Trust Agreement or in the Certificates shall be taken and construed as made by and on the part of the District and the Corporation, as the case may be, and not by the Trustee, and the Trustee has no responsibility, obligation or liability for the correctness of any thereof.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District or the Corporation of the Leased Property. In no event is the Trustee liable for special or consequential damages in connection with or arising from the Lease Agreement for the existence, furnishing or use of the Leased Property.

The Trustee is not (a) responsible for the sufficiency or enforceability of the Lease Agreement or the assignment under the Assignment Agreement of its rights to receive Lease Payments, (b) deemed to have knowledge of any Event of Default unless and until it has received written notice thereof or, with respect to Section 8.1(a) of the Lease Agreement, has actual knowledge thereof or except as provided in Section 8.02(h) or (c) accountable for the use or application by the District or the Corporation of any funds which the Trustee has released under this Trust Agreement.

SECTION 8.11. *Actions Through Agents.* The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee is not answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee is not answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct.

SECTION 8.12. *Nature of Trust Engagement.* The Trustee undertakes to perform such duties and only such duties as are expressly and specifically set forth in the Trust Agreement and no implied covenants or obligations whatsoever shall be read into the Trust Agreement against the Trustee. In accepting the trusts hereby created, the Trustee acts solely as Trustee and not in its individual capacity. All persons, including without limitation the Owners, the District and the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts hereunder for payment except as otherwise provided herein; *provided, however*, that nothing in this sentence is intended or shall be construed to apply to, or limit the source of payment of, claims against the Trustee arising from the negligence or willful

misconduct of the Trustee. Under no circumstances is the Trustee liable in its individual capacity for payment of the obligations represented by the Certificates.

ARTICLE IX

MODIFICATION OR AMENDMENT

SECTION 9.01. *Amendments Permitted.* This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 13.05, has been filed with the Trustee. No such modification or amendment may (a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal represented thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification hereof, or (c) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 9.02.

This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement, without the consent of any Certificate Owners, but only to the extent permitted by law and only:

- (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Corporation or the District,
- (b) to cure, correct or supplement any ambiguous or defective provision contained herein,
- (c) in regard to questions arising hereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates,
- (d) if and to the extent permitted in the opinion of Bond Counsel filed with the Trustee, the District and the Corporation, to delete or modify any of the provisions hereof or thereof relating to the exclusion from gross income of interest represented by the Certificates for federal income tax purposes, or
- (e) to conform to any amendments of the Lease Agreement which are permitted to be made under Section 7.5 thereof.

Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto.

SECTION 9.02. *Procedure for Amendment with Written Consent of Certificate Owners.* If the consents of the Owners of the Certificates are required to any amendment hereof under Section 9.01, such amendment shall be required to comply with the provisions of this Section. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at such Owner's address as set forth on the Registration Books, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section.

Such supplemental agreement may not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 13.05) and a notice has been mailed as hereinafter provided in this Section. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.10. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60 day period.

SECTION 9.03. *Effect of Supplemental Agreement.* From and after the time any supplemental agreement becomes effective under this Article IX, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto, and the rights of the affected Certificate Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

SECTION 9.04. *Endorsement or Replacement of Certificates Delivered After Amendments.* The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand on the Owner of any Certificate Outstanding at such effective date and presentation of such Owner's Certificate for the purpose at the Office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action is necessary or desirable, which substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand on the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

SECTION 9.05. *Amendatory Endorsement of Certificates.* The provisions of this Article IX shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

SECTION 9.06. *Opinion of Counsel.* Prior to executing any supplemental Trust Agreement, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such supplemental Trust Agreement under this Trust Agreement have been satisfied and such supplemental Trust Agreement is authorized and permitted under this Trust Agreement and does not adversely affect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes or adversely affect the exemption of interest with respect to the Certificates from personal income taxation by the State of California.

SECTION 9.07. *Notice to Rating Agencies.* The District shall send copies of any proposed amendment or modification hereof to each rating agency which then maintains a rating on the Certificates, at least 10 days prior to the effective date of any such amendment or modification.

ARTICLE X

OTHER COVENANTS

SECTION 10.01. *Compliance With and Enforcement of Lease Agreement.* The District covenants to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease Agreement by the Corporation thereunder. The Corporation and the District, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Property, which may or can in any manner affect such estate of the District, will deliver the same, or a copy thereof, to the Trustee.

SECTION 10.02. *Observance of Laws and Regulations.* The District will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, including its right to exist and carry on business as a public agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

SECTION 10.03. *Prosecution and Defense of Suits.* The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

SECTION 10.04. *Recordation and Filing.* The District shall record and file the Lease Agreement or a memorandum thereof, the Site Lease, the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

SECTION 10.05. *Tax Covenants.*

(a) Private Business Use Limitation. The District shall assure that the proceeds of the Certificates are not used in a manner which would cause any of the obligations of the District under the Lease Agreement to become "private activity bonds" under and within the meaning of Section 141(a) of the Tax Code.

(b) Private Loan Limitation. The District shall assure that no more than the lesser of \$5,000,000 or 5% of the aggregate amount of the proceeds of the Certificates are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Tax Code or constituting assessments) to persons other than state or local government units.

(c) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the obligations of the District under the Lease Agreement to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the obligations of the District under the Lease Agreement to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) Rebate of Excess Investment Earnings to United States. The District shall calculate or cause to be calculated all Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The District shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the District from any source of legally available funds of the District.

The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Certificates, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the District of any of the requirements herein.

SECTION 10.06. *Continuing Disclosure*. The District shall comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with such Continuing Disclosure Certificate does not constitute an Event of Default; except that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Certificates may take such actions as may be necessary and appropriate to compel performance by the District of its obligations under this Section, including seeking mandate or specific performance by court order.

SECTION 10.08. *Further Assurances*. The Corporation and the District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease Agreement, and for the better

assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

SECTION 10.09. *Provisions Relating to Certificate Insurance Policy.* So long as the Certificate Insurance Policy remains in effect, the District and the Trustee shall comply with all of the terms and provisions set forth in Appendix C relating to the Certificate Insurer and the Certificate Insurance Policy. Such provisions are hereby incorporated into this Trust Agreement by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Trust Agreement, the Site Lease, the Lease Agreement or the Assignment Agreement.

ARTICLE XI

LIMITATION OF LIABILITY

SECTION 11.01. *Limited Liability of District.* Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the District contained in the Lease Agreement and this Trust Agreement, the District has no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

SECTION 11.02. *No Liability of the Corporation for Trustee Performance.* Neither the District nor the Corporation has any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

SECTION 11.03. *Indemnification of Trustee.* The Corporation and the District shall indemnify and save the Trustee, its directors, officers, agents and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of any of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on, the Project or the Leased Property by the Corporation or the District,
- (b) any breach or default on the part of the Corporation or the District in the performance of any of their respective obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project or the Leased Property,
- (c) any act of negligence of the Corporation or the District or of any of their respective agents, contractors, servants, employees, licensees with respect to the Project or the Leased Property,
- (d) any act of negligence of any assignee of, or purchaser from the Corporation or the District or of any of its or their respective agents,

contractors, servants, employees or licensees with respect to the Project or the Leased Property,

- (e) the application of the proceeds of the Certificates,
- (f) the actions of any other party, including but not limited to the ownership, operation or use of the Project or the Leased Property by the Corporation or the District, or
- (g) the Trustee's exercise and performance of its powers and duties hereunder.

No indemnification is made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence under this Trust Agreement by the Trustee, its officers, agents, employees, successors or assigns. The Corporation's and the District's obligations hereunder will remain valid and binding notwithstanding maturity and payment or discharge of the Certificates and notwithstanding any resignation or removal of the Trustee.

SECTION 11.04. *Opinion of Counsel.* Before being required to take any action, the Trustee may, at the expense of the District, require an opinion of counsel acceptable to the Trustee, or an opinion of Bond Counsel acceptable to the Trustee with respect to any federal tax matters, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying on any such opinion or certificate obtained by the Trustee.

SECTION 11.05. *Limitation of Rights to Parties and Certificate Owners.* Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Corporation, the Trustee, the Certificate Insurer and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee, the Certificate Insurer and said Owners.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

SECTION 12.01. *Assignment of Rights.* Under the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights in and to the Lease Agreement (excepting only the Corporation's rights under Sections 4.4, 5.10, 7.3 and 8.4 thereof), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation under the Lease Agreement as may be necessary or convenient (a) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

SECTION 12.02. *Events of Default Defined.* As provided in Section 8.1 of the Lease Agreement, any one or more of the following events constitutes an Event of Default:

- (a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified in the Lease Agreement.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Lease Agreement or in this Trust Agreement, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the District commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 12.03. *Remedies.* If an Event of Default happens, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding the Trustee shall, exercise any and all remedies

available under law or granted under the Lease; *provided, however*, that notwithstanding anything herein or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Notwithstanding any other provisions of this Agreement or in the Lease Agreement, the Certificate Insurer shall have the right, so long as it is not in payment default under the Certificate Insurance Policy, to direct the remedies to be taken upon any Event of Default hereunder, and the Certificate Insurer's consent shall be required for remedial action taken by the Trustee or the Corporation hereunder.

SECTION 12.04. *Application of Funds.* All moneys received by the Trustee under any right given or action taken under the provisions of this Article XII or Article VIII of the Lease Agreement shall be applied by the Trustee in the order following upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in taking any remedial action with respect thereto, including reasonable compensation to its agents, attorneys and counsel, and including such other necessary costs relating to the administration of the foregoing and to events leading up thereto;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate set forth in Section 4.3(c) of the Lease Agreement (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 12.05. *Institution of Legal Proceedings.* If one or more Events of Default occur and are continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

SECTION 12.06. *Non-waiver.* Nothing in this Article XII or in any other provision of this Trust Agreement or in the Certificates, affects or impairs the obligation of the

District, which is absolute and unconditional, to pay or prepay the Lease Payments as provided in the Lease Agreement. No delay or omission of the Trustee or any Certificate Owner to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or the Certificate Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

SECTION 12.07. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

SECTION 12.08. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, under its duties hereunder, whether upon its own discretion or upon the direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Certificates opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 12.09. *Limitation on Certificate Owners' Right to Sue Exclusive.* No Owner of any Certificate delivered hereunder may institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates has any right in any manner whatever by its or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

SECTION 12.10. *Possession of Certificates by Trustee Not Required.* All rights and remedies granted to or exercisable by the Trustee hereunder or under the Lease Agreement may be exercised by the Trustee without possession of any of the Certificates or the production thereof at the trial or other proceeding relative thereto, and any suit, action or proceeding instituted by the Trustee hereunder or under the Lease Agreement shall be brought in its name for the benefit of all the Owners of such Certificates, subject to the provisions of this Trust Agreement.

ARTICLE XIII

DISCHARGE; ADMINISTRATIVE PROVISIONS

SECTION 13.01. *Discharge Hereof.* If and when the obligations represented by any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal, interest and prepayment premiums (if any) represented by such Certificates Outstanding, as and when the same become due and payable, or
- (b) by depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates as more particularly described in Section 9.1 of the Lease Agreement, said security to be held by the Trustee on behalf of the District to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, under Section 9.1 of the Lease Agreement,

then notwithstanding that such Certificates have not been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only the obligations of the Corporation and the District under Section 11.03 and the obligations of the Trustee under Sections 2.07 and 2.08, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited under paragraph (b) of this Section, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits under paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b) of this Section, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

SECTION 13.02. *Records.* The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall

be available for inspection by the District, the Corporation and any Owner, or the agent of any of them, at any reasonable time during regular business hours upon prior notice.

SECTION 13.03. *Notices.* Any notice, request, complaint, demand or other communication under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice will be effective either (a) upon transmission by facsimile, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. Notices may be delivered in via e-mail to the officer identified below but will only be effective upon receipt by the sender of an acknowledgment of such recipient.

If to the District: Rescue Union School District
2390 Bass Lake Road
Rescue, California 95672
Fax: 530-677-0791
Attention: Superintendent

If to the Corporation: Local Facilities Finance Corporation
9258 Brunello Court
Bakersfield, California 93314
Attention: President

If to the Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services
Fax: (213) 615-6196

If to the Insurer: See Appendix C

SECTION 13.04. *Disqualified Certificates.* In determining whether the Owners of the requisite aggregate principal amount of Certificates have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Certificates which are owned or held by or for the account of the District (but excluding Certificates held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however,* that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Certificates which the Trustee knows to be so owned or held shall be disregarded.

SECTION 13.05. *Payment of Certificates After Discharge of Trust Agreement.* Notwithstanding any provisions of this Trust Agreement, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee in trust for the payment of the principal or interest represented by any Certificates and remaining unclaimed for two years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in this Trust Agreement), if such moneys

were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the District free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Trustee shall (at the request of and at the cost of the District) mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

SECTION 13.06. *Governing Law.* This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 13.07. *Binding Effect; Successors.* This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the District or the Trustee 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 Trust Agreement contained by or on behalf of the Corporation, the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 13.08. *Corporation and District Representatives.* Whenever under the provisions of this Trust Agreement the Corporation or the District is required or permitted to take some action, including but not limited to the giving of any approval or the execution of some request, direction or other instrument, such action shall be made on behalf of the Corporation by an Corporation Representative and on behalf of the District by a District Representative, and any party hereto shall be fully authorized to rely upon any such action by an Corporation Representative or a District Representative.

SECTION 13.09. *Execution in Counterparts.* This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

SECTION 13.10. *Delivery of Canceled Certificates.* Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee of any Certificates, the Trustee shall cancel and, unless directed in writing by the District Representative, destroy such Certificates and shall deliver a certificate of destruction with respect thereto to the District.

SECTION 13.11. *Headings.* 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 Trust Agreement.

SECTION 13.12. *Waiver of Notice.* Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt

of such notice are not conditions precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.13. *Separability of Invalid Provisions.* In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the District hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

**LOCAL FACILITIES FINANCE
CORPORATION**

By _____
President

RESCUE UNION SCHOOL DISTRICT

By _____
Superintendent

Attest

Secretary

APPENDIX A

DEFINED TERMS

Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in this Appendix A have the respective meanings given them in this Appendix when used in this Trust Agreement and when used in the Lease Agreement.

“Additional Payments” means the amounts payable by the District under Section 4.4 of the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement, dated as of September 1, 2017, between the Corporation as assignor and the Trustee as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California, or in any state in which any Office of the Trustee is located.

“Certificate Insurance Policy” means the Municipal Bond Insurance Policy issued by the Certificate Insurer with respect to the Certificates.

“Certificate Insurer” means _____, its successors and assigns, as issuer of the Certificate Insurance Policy and the Reserve Policy.

“Certificates” means the \$_____ aggregate principal amount of 2017 Certificates of Participation (2017 Capital Projects) executed and delivered and at any time Outstanding hereunder.

“Closing Date” means September __, 2017, being the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

“Completion Date” means, with respect to the Project, the date identified as the date of completion thereof in the written certificate of a District Representative under Section 3.3 of the Lease Agreement.

“Corporation” means the Local Facilities Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

“Corporation Representative” means the President, Vice President, Treasurer or Secretary of the Corporation, or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to the Lease Agreement and this Trust Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, and any charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 4.03.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.05.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“District” means the Rescue Union School District, a unified school district duly organized and existing under the laws of the State of California.

“District Representative” means the President of the Board, the Superintendent, the Chief Business Official, their written designees, or any other person authorized by resolution of the Board of Trustees of the District to act on behalf of the District under or with respect to the Lease Agreement and this Trust Agreement.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means an event of default under the Lease Agreement, as defined in Section 8.1 thereof.

“Excess Investment Earnings” means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Certificates at a yield in excess of the yield on the Lease Payments.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period by the District as its fiscal year under written notice filed with the Trustee.

“General Obligation Bond Proceeds” means proceeds of general obligation bonds or bond anticipation notes, issued by the District pursuant to a measure approved by District voters and thereafter issued pursuant to State law.

“Insurance and Condemnation Fund” means the fund by that name to be established and held by the Trustee under Section 6.01.

“Interest Payment Date” means April 1, 2018, and each April 1 and October 1 thereafter to and including the final date of maturity of the Certificates.

“Lease Agreement” means the Lease Agreement dated as of _____, 2017, between the Corporation as lessor and the District as lessee, as originally executed or as thereafter amended under any duly authorized and executed amendments and supplements thereto.

“Lease Payment Date” means, with respect to any Interest Payment Date, the 5th Business Day preceding such Interest Payment Date.

“Lease Payment Fund” means the fund by that name established and held by the Trustee under Section 5.02.

“Lease Payments” means all payments required to be paid by the District under Section 4.3(a) of the Lease Agreement, including any prepayment thereof under Article IX of the Lease Agreement.

“Leased Property” means all of the land which is more particularly described in Appendix A to the Lease Agreement, known as Lake Forest Elementary School located at 2240 Salisbury Drive, El Dorado Hills, California. If the District exercises its option under Section 4.6 of the Lease Agreement with respect to the substitution of property or its option under Section 4.7 of the Lease Agreement with respect to the release of property, the term “Leased Property” will thereupon be modified accordingly.

“Moody's” means Moody's Investors Service, or its successors and assigns.

“Net Proceeds” means any insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.05(a).

“Office” means the corporate trust office of the Trustee in Los Angeles, California, provided that for purposes of payment, prepayment, exchange, transfer, exchange, surrender and cancellation of Certificates, such term means the corporate trust office of the Trustee in St. Paul, Minnesota, or such other or additional offices as the Trustee may designate in writing to the Corporation from time to time as the corporate trust office for purposes of this Trust Agreement.

“Original Purchaser” means Raymond James & Associates, Inc., as original purchaser of the Certificates upon the negotiated sale thereof.

“Outstanding”, when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 13.05) all Certificates theretofore executed and delivered by the Trustee under this Trust Agreement except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates deemed to have been paid under Section 13.01; and (c) Certificates in lieu of or in exchange for which other Certificates has been executed and delivered by the Trustee under Section 2.08.

“Owner”, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor which is secured by a lien on the Leased Property; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Guaranty Company; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) obligations of any federal agency which represent full faith and credit of the United States of America, or which are otherwise rated “AAA” by S&P;
- (c) U.S. dollar denominated deposit accounts federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;
- (d) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market fund, including those of an affiliate of the Trustee, rated “AAAm” or “AAAm-G” or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding

company provide investment advisory or other management services;

- (f) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund, in the highest rating category of S&P or any successors thereto; or (ii)(A) subject to the approval of S&P, which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of Federal Securities, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates under such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the prepayment date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (g) investment agreements with financial institutions whose long-term general credit rating is A- or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below A-; and
- (h) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Project” means the acquisition and improvement by the District of real property for educational uses. The District reserves the right to amend the description and scope of the Project from time to time in its sole discretion.

“Project Costs” means, with respect to the Project, all costs of the acquisition and construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of the Project;
- (b) obligations incurred for labor and materials in connection with the acquisition and construction of the Project;

- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of the Project;
- (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of the Project;
- (e) any sums required to reimburse the Corporation or the District for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the Corporation or the District, which are properly chargeable to the acquisition and construction of the Project;
- (f) all financing costs incurred in connection with the acquisition and construction of the Project, including but not limited to Costs of Issuance and other costs incurred in connection with this Trust Agreement and the financing of the Project; and
- (g) the interest components of the Lease Payments prior to the Completion Date.

“Project Fund” means the fund by that name established and held by the Trustee under Section 4.04.

“Record Date” means the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“Registration Books” means the records maintained by the Trustee under Section 2.11 for the registration of the ownership and transfer of ownership of the Certificates.

“Rental Period” means each period during the Term of the Lease Agreement commencing on and including June 2 in each year and extending to and including the next succeeding June 1, except that the first Rental Period begins on the Closing Date and ends on October 1, 2018.

“Reserve Facility” means any line of credit, letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to this Trust Agreement.

“Reserve Fund” means the fund by that name established and held by the Trustee under Section 4.02.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Certificate Insurer for credit to the Reserve Fund on the Closing Date.

“Reserve Requirement” means, as of the date of calculation thereof, an amount equal to the lesser of (a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to Section 9.1 of the Lease) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District designates in written notice filed with the Trustee.

“Site Lease” means the Site Lease dated as of September 1, 2017, between the District as lessor and the Corporation as lessee of the Leased Property, as originally executed or as thereafter amended under any duly authorized and executed amendments and supplements thereto.

“S&P” means Standard & Poor’s Corporation, a division of the McGraw Hill Companies, of New York, New York, its successors and assigns.

“State Reimbursements” means funds received by the District from the State of California which may be applied to the purchase of all or a portion of the project financed with the proceeds of the Certificates.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term of the Lease” means the time during which the Lease Agreement is in effect, as provided in Section 4.2 thereof.

“Trust Agreement” means this Trust Agreement, as originally executed or as thereafter amended under any amendments or supplements hereto which are permitted to be made hereunder.

“Trustee” means U.S. Bank National Association, or any successor thereto acting as Trustee hereunder.

APPENDIX B

FORM OF CERTIFICATE OF PARTICIPATION

No. R-_____

\$_____

**2017 CERTIFICATE OF PARTICIPATION
(2017 Capital Projects)**

Evidencing the Direct, Undivided Fractional Interest of the
Owner Thereof in Lease Payments to be Made by the

**RESCUE UNION SCHOOL DISTRICT
(EL DORADO COUNTY, CALIFORNIA)**

RATE OF INTEREST: MATURITY DATE: DATED DATE: CUSIP:
_____, 2017

REGISTERED OWNER:

PRINCIPAL AMOUNT: *** _____ DOLLARS***

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (this "Certificate") is the owner of a direct, undivided fractional interest in Lease Payments (the "Lease Payments") payable under a Lease Agreement dated as of September 1, 2017 (the "Lease Agreement"), between the Local Facilities Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the Rescue Union School District, a school district duly organized and existing under the laws of the State of California (the "District"), which Lease Payments and certain other rights and interests under the Lease Agreement have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in Los Angeles, California (the "Office"), or such other or additional offices as the Trustee may designate from time to time as the corporate trust office.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Lease Payments designated as principal, and to receive on April 1, 2018, and semiannually thereafter on April 1 and October 1 of each year (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share

of the Lease Payments designated as interest coming due during the period immediately preceding each of the Interest Payment Dates.

Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before January 15, 2018, in which event interest is payable from the Dated Date identified above. The Registered Owner's share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America, upon presentation and surrender hereof at the Trust Office of the Trustee, and interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the close of business on the 15th day of the month preceding such Interest Payment Date.

This Certificate has been executed and delivered by the Trustee under the terms of a Trust Agreement dated as of September 1, 2017, between the Trustee, the Corporation and the District (the "Trust Agreement"). The District has certified that it is authorized to enter into the Lease Agreement and the Trust Agreement under the laws of the State of California, for the purpose of leasing certain real property (the "Leased Property") used for the municipal purposes of the District. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Trust Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Lease Agreement, to all of the provisions of the Lease Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Lease Agreement to pay the Lease Payments for the Leased Property from any source of available funds, subject to certain exceptions as set forth in the Lease Agreement. As more fully described in the Lease Agreement, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction to the Leased Property in whole or in part, or by reason of eminent domain proceedings with respect to the Leased Property in whole or in part, there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof; such abatement shall be in an amount agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Property. The obligation of the District to pay the Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay the Lease Payments does not constitute a debt of the District, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates are subject to prepayment prior to their stated maturity, at the option of the District, in whole, or in part among by lot on October 1, 20___, or on any date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

The Certificates are subject to mandatory sinking fund prepayment by lot on October 1 in each year as set forth in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Sinking Fund Prepayment Date (October 1)	Principal Amount To Be Prepaid
---------------------------------------------------------	-------------------------------------------

Notwithstanding the foregoing, if some but not all of the Certificates are optionally prepaid under the Trust Agreement, the aggregate principal amount of the Certificates to be prepaid in each year as reflected in the foregoing table shall be reduced by the aggregate principal amount of Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

The Certificates are subject to mandatory prepayment, in whole, on any business day, or in part on any Interest Payment Date by lot, from certain proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement and the Trust Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates are subject to extraordinary optional prepayment before their stated maturity at the option of the District, in whole, or in part by lot, on _____ 1, 20__ and any date thereafter from State Reimbursements, General Obligation Bond Proceeds or unspent proceeds of the Certificates (each defined in the Trust Agreement), upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, the Trustee shall mail notice of prepayment of the Certificates by first class mail, postage prepaid, not less than 30 nor more than 60 days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new

Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest, will be delivered to the transferee in exchange herefor. The District, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Trustee is not required to register the transfer or exchange of any Certificate during the period in which the Trustee is selecting certificates for prepayment or any Certificate selected for prepayment.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trustee has no obligation or liability to the owners of the Certificate to make any payment of the interest, principal or premium (if any) represented by the Certificates, other than as provided in the Trust Agreement from the Lease Payments and amounts credited thereto received or held by the Trustee. The recitals herein shall be taken as statements of the Corporation and the District and not of the Trustee. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Trustee for registration of transfer, exchange or payment, and any Certificate executed and delivered is registered in the name of Cede & Co. or such other name as 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 since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. Bank National Association, as Trustee, acting under the Trust Agreement.

Execution Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, saving and loan associations and credit unions with membership in an approved signature medallion program) pursuant to Securities and Exchange Commission Rule 17Ad-15.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

APPENDIX C

**PROVISIONS RELATING TO
THE CERTIFICATE INSURANCE POLICY**

APPENDIX D
PROVISIONS RELATING TO RESERVE POLICY

\$ _____
2017 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
RESCUE UNION SCHOOL DISTRICT
to Local Facilities Finance Corporation
(2017 Capital Projects)
(Bank Qualified)

CERTIFICATE PURCHASE AGREEMENT

_____, 2017

Board of Trustees
Rescue Union School District
2390 Bass Lake Road
Rescue, CA 95672

Ladies and Gentlemen:

The undersigned on behalf of Raymond James & Associates, Inc. (the "Underwriter"), hereby offers to enter into this Certificate Purchase Agreement (the "Purchase Agreement") with the Rescue Union School District (the "District"), acting on behalf of itself and the Corporation (defined herein) for the purchase by the Underwriter of the \$_____ aggregate principal amount of Rescue Union School District 2017 Certificates of Participation (2017 Capital Projects) (the "Certificates"). Upon acceptance of this offer by the District, this Purchase Agreement will be binding upon the District and the Underwriter. The offer made hereby is made subject to acceptance by the District (by delivery to the Underwriter of an executed counterpart hereof by the District) at or before 11:59 p.m., California time, on the date hereof or at such later time and date as shall have been consented to by the Underwriter.

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of September 1, 2017 (the "Trust Agreement"), among the District, Local Facilities Finance Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"). All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Trust Agreement.

1. **Purchase and Purchase Price; Terms of Certificates.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the District agrees to cause the Trustee to execute and deliver to the Underwriter, and the Underwriter agrees to purchase, all (but not less than all) of the Certificates at an aggregate purchase price of \$_____ (representing the aggregate principal amount of \$_____, less original issue discount of \$_____ and less an Underwriter's discount of _____). [From the purchase price, on the Closing Date (defined below), the Underwriter shall wire the amount of \$_____ to the Insurer (defined below), representing payment for the municipal bond insurance premium (\$_____) and the reserve fund surety (\$_____).]

The Certificates shall be dated the date of their delivery and shall be substantially in the form described in, shall be executed, delivered and secured under and pursuant to, and shall be payable and subject to prepayment as provided in, the Trust Agreement.

The Certificates shall be subject to prepayment as described in Exhibit A.

The proceeds of the Certificates will be used to (i) finance land acquisition and school facility improvement projects, (ii) purchase a municipal bond insurance policy and a debt service reserve fund insurance policy from [] (the "Insurer"), and (iii) pay certain other costs incurred in connection with the execution and delivery of the Certificates.

The District hereby ratifies, confirms and approves the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement of the District, dated _____, 2017, relating to the Certificates (the "Preliminary Official Statement"), which Preliminary Official Statement the District deemed final and so certified as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter within seven business days from the date hereof copies of the Official Statement (as hereinafter defined), in such reasonable quantity as the Underwriter shall request. The District hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Certificates.

The District hereby further authorizes the Underwriter to use, in connection with the offer and sale of the Certificates, the Trust Agreement, the Lease Agreement, the Site Lease and the Assignment Agreement, and the Continuing Disclosure Certificate (collectively, the "Certificate Documents").

The District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction, including the process leading thereto, between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the Municipal Securities Rulemaking Board (the "MSRB"), and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

2. **Closing; Official Statement.** At 8:30 a.m. California Time, on September ____, 2017, or at such other time or on such earlier or later date as the Underwriter and the District mutually agree upon (the "Closing" or the "Closing Date"), the District will, subject to the terms and conditions hereof, deliver or cause the Certificates to be delivered to The Depository Trust Company ("DTC"), duly executed in accordance with the provisions of the Trust Agreement. Subject to the terms and conditions hereof, upon receipt of proof of such delivery to DTC, the

Underwriter will pay the purchase price of the Certificates as set forth in Section 1 hereof in federal or other immediately available funds. The Certificates shall be delivered as aforesaid at the offices of DTC in Jersey City, New Jersey, or at such other place as the Underwriter and the District mutually agree upon. On the Closing Date, the District will deliver or cause to be delivered the other documents mentioned herein at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California ("Special Counsel"), or at such other place as shall have been mutually agreed upon by the Underwriter and the District.

The Underwriter agrees to make a bona fide public offering of the Certificates at the initial offering prices or yields set forth on the inside cover of the Official Statement dated the date hereof (the "Official Statement"); provided, however, that the Underwriter reserves the right to make concessions to dealers and to change such initial offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Certificates. The Underwriter agrees that, in connection with the public offering and initial delivery of the Certificates to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the Official Statement.

The Certificates (bearing CUSIP numbers) shall be in fully registered form, initially registered in the name of Cede & Co., as nominee of DTC, and shall be subject to a book-entry system of registration and transfer as described in the Official Statement. The Certificates shall be made available to the Underwriter for purposes of inspection for a reasonable period prior to the Closing Date.

3. **Covenants, Representations and Warranties of the District.** The District hereby covenants, represents and warrants to the Underwriter that:

(a) **Due Organization and Authorization.** The District is, and will be on the Closing Date, a school district duly organized and validly existing under the constitution and laws of the State of California. The District has all necessary power and Corporation and has taken all official actions necessary to execute and deliver the Official Statement and to execute, deliver and perform its duties under this Purchase Agreement and each of the Certificate Documents to which it is a party, and this Purchase Agreement and each of the Certificate Documents to which the District is a party has been duly authorized, executed and delivered by the District and, assuming the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the District enforceable against the District in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion.

(b) **No Conflicts or Breach.** The District is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the conduct of its governmental or financial functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the District is a party or to which the District or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the authorization, execution and delivery of this Purchase Agreement, the Certificate Documents to which the District is a party and the Certificates, and compliance with the provisions hereof and thereof, will not conflict with

or constitute a material breach of or default under any constitutional provision, law, administrative rule or regulation, or any judgment, decree, license, permit, loan agreement, indenture, bond, certificate, note, resolution, agreement or other instrument to which the District (or any of its officers in their respective capacities as such) is subject or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as may be provided by the Certificates or the Certificate Documents.

(c) Consents. Except for the actions of the other parties hereto, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory entity having jurisdiction over the District required for the execution and delivery of this Purchase Agreement or the Certificate Documents to which the District is a party, or the execution and sale of the Certificates or the consummation by the District of the transactions contemplated herein, in the Official Statement or in the Certificate Documents, which has not been duly obtained or made on or prior to the date hereof.

(d) Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the District, threatened against the District which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates or the Certificate Documents, or contesting the validity of this Purchase Agreement, the Certificates or any of the Certificate Documents to which the District is party or the powers of the District to enter into or perform its obligations under this Purchase Agreement or the Certificate Documents to which it is a party or the existence or powers of the District, or which, if determined adversely to the District, would materially impair the District's ability to meet its obligations under the Lease Agreement or materially and adversely affect the District's financial condition or in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Certificates from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(e) Official Statement Accurate and Complete. The Preliminary Official Statement provided to the Underwriter has been deemed final by the District, as required by Rule 15c2-12. The preparation and distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the District and the statements and information contained therein (except for statements and information regarding DTC, or the Insurer) are true and correct in all material respects and such statements and information do not contain and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as of the respective dates thereof. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement which has been furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(f) Subsequent Events; Amendment of Official Statement. After the Closing, the District will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the “end of the underwriting period” (determined pursuant to Section 12), whichever occurs first, if any event relating to or affecting the Certificates, the Trustee or the District, shall occur that would cause the information contained in the final Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and, if in the opinion of the District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriter (at the expense of the District) an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The District shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB.

(g) Application of Certificate Proceeds. The proceeds from the sale to the Underwriter of the Certificates will be applied in the manner and for the purposes specified in the Trust Agreement and as described in the Official Statement.

(h) Certificates Constitute Representations. Any certificate signed by any official of the District and delivered in connection with the transactions contemplated by the Official Statement and this Purchase Agreement shall be deemed to be a representation by the District to the Underwriter as to the statements made therein.

(i) Cooperation with Blue Sky Endeavors. The District agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the District will not be required to consent to service of process in any such jurisdiction or to qualify as a foreign Corporation in connection with any such qualification in any jurisdiction and that the Underwriter shall be solely responsible for the cost of such qualification.

(j) Tax Law Compliance. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Certificates and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax, of the interest on the Certificates, and the District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is an issuer whose arbitrage certificates may not be relied upon.

(k) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be

described in or contemplated by the Preliminary Official Statement or the Official Statement.

(l) Continuing Disclosure. The District shall undertake, pursuant to Rule 15c2-12 and Section 6.13 of the Trust Agreement, the Continuing Disclosure Certificate with respect to the Certificates in substantially the form attached as Appendix E of the Preliminary Official Statement (the "Continuing Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events described therein. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. Based on a review of its prior undertakings, and except as disclosed in the Preliminary Official Statement and Official Statement, within the past five years the District has not failed to comply in all material respects with any continuing disclosure obligation entered into pursuant to Rule 15c2 12.

(m) Financial Information. The financial statements of, and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement. Since June 30, 2015, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the District which is not described in the Official Statement.

(n) No Financial Advisory Relationship. The District acknowledges that the Underwriter has had no financial advisory relationship with the District with respect to the Certificates, nor to its knowledge does the District have a financial advisory relationship with any investment firm controlling, controlled by or under common control with the Underwriter.

(o) Not Acting as Fiduciary. Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Underwriter, for its own account.

4. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the date of Closing:

(a) Due Authorization. The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

(b) No Violation of Rule G-37. The execution and delivery hereof and the consummation of the transactions contemplated hereby does not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the MSRB.

(c) MSRB Forms Submitted. All reports required to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB.

(d) No Compensation or Gifts. The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to the District's officers, agents or employees thereof), other than a bona fide officer, agent or employee working for Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement.

(e) No Financial Advisory Relationship. The Underwriter has, and has had, no financial advisory relationship with the District as such term is defined in California Government Code Section 53590(c) or MSRB Rule G-23 with respect to the Certificates, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(f) Rule 15c2-12 Compliance. The Underwriter has reasonably determined that the District's undertaking in the Continuing Disclosure Certificate to provide continuing disclosure with respect to the Certificates is sufficient to effect compliance with Rule 15c2-12.

5. Establishment of Issue Price. *[For Purposes of Initial Draft Assumes Actual Sales Approach]*

(a) Actions to Establish Price. The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) 10% Test. The District will treat the first price at which 10% of each maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Certificate Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Certificates of that maturity or until all Certificates of that maturity have been sold to the public.

(c) Selling Group or Retail Distribution Agreements. The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of

each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(d) Sales to the Public; Definitions. The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public),
- (iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Certificate Purchase Agreement by all parties.

6. **Conditions to the Obligations of the Underwriter.** The obligation of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District, the Corporation and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof or the Certificate Documents, and to the performance by the District, the Corporation, the Insurer and the Trustee of their respective obligations to be performed hereunder and under the Certificate Documents at or prior to the Closing Date, and to the following additional conditions:

(a) All Documents Delivered and Actions Taken. At the Closing Date, the Certificates, the Certificate Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter with only such changes as shall have been agreed to by the Underwriter, and said documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Special Counsel, shall deem to be necessary and appropriate;

(b) Representations True and Correct. The representations and warranties of the District contained in this Purchase Agreement shall be true, correct and complete in all material respects on the date hereof and on the Closing Date, as if made again on the Closing Date, and the Official Statement (as the same may be supplemented or amended with the written approval of the Underwriter) shall be true, correct and complete in all material respects and such information shall not contain any untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein relating to the District, in light of the circumstances under which such statements were made, not misleading;

(c) Marketability. Between the date hereof and the Closing Date, neither the market price nor marketability, or the ability of the Underwriter to enforce contracts for the sale of the Certificates, at the initial offering prices set forth in the Official Statement, of the Certificates shall have been materially adversely affected, in the judgment of the Underwriter, by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly (except as described in the Official Statement), of imposing federal income taxation upon such interest as would be received by the owners of the Certificates, or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, or the Certificates, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or of the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any material restrictions not now in force with respect to the Certificates or obligations of the general character of the Certificates or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the execution, delivery, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(6) the occurrence of any adverse change of a material nature of the financial condition, results of operation or properties of the District;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(8) there shall have occurred or any notices shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch by any national rating service to any of the District's obligations;

(9) there shall have occurred or any notices shall have been given of any withdrawal, downgrading or placement on negative credit watch of any rating of the Insurer ;

(10) the suspension by the Securities and Exchange Commission of trading in the outstanding securities of the District;

(11) legislation enacted by or introduced in the legislature of the State, or favorably reported out of committee or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof; or

(12) other disruptive events, occurrences or conditions in the securities or debt markets.

(d) Closing Documentation. At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the Official Statement and each Certificate Document, duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(2) an unqualified approving opinion, dated the Closing Date and addressed to the District, of Special Counsel, in substantially the form attached to the Official Statement as Appendix D, and a letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as of such opinion were addressed to it;

(3) the supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Special Counsel, substantially to the effect that (i) this Purchase Agreement and the Certificate Documents to which the District is a party have been duly authorized, executed and delivered by the District and are valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights, by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California (ii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended, and (iii) the statements contained in the Official Statement under the captions "INTRODUCTION," "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" and "TAX MATTERS", insofar as such statements purport to summarize certain provisions of the Certificates, the Certificate Documents and Special Counsel's opinion concerning certain federal tax matters relating to the Certificates, are accurate in all material respects;

(4) an opinion, dated the Closing Date and addressed to the Underwriter, of Jones Hall, A Professional Law Corporation, as disclosure

counsel (“Disclosure Counsel”), substantially to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, Disclosure Counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, information relating to The Depository Trust Company and its book-entry system and information relating to the Insurer and its insurance policy and debt service reserve policy as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) a certificate of the Trustee dated the Closing Date, signed by a duly authorized officer of the Trustee, to the effect that (i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Trust Agreement and the Assignment Agreement and to execute and deliver the Certificates to the Underwriter pursuant to the Trust Agreement, (ii) when delivered to and paid for by the Underwriter on the Closing Date, the Certificates will have been duly executed and delivered by the Trustee, (iii) the execution and delivery of the Trust Agreement and the Assignment Agreement and compliance with the provisions on the Trustee’s part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement, and (iv) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental or public entity pending or, to the best knowledge of the Trustee, threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Trust Agreement and the Assignment Agreement or contesting the powers of the Trustee or its Corporation to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trust Agreement or the Assignment Agreement or the ability of the Trustee to perform its obligations thereunder;

(6) an opinion of counsel to the Trustee, dated the Closing Date, addressed to the District and the Underwriter, to the effect that (i) the Trustee is a

duly organized and validly existing national banking association in good standing under the laws of the United States and has full power and authority to undertake the trust of the Trust Agreement, (ii) the Trustee has duly authorized, executed and delivered the Trust Agreement and the Assignment Agreement and by all proper corporate action has authorized the acceptance of the trust of the Trust Agreement, (iii) the Trust Agreement and the Assignment Agreement constitute legally valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, (iv) the Certificates have been validly executed and delivered by the Trustee and are entitled to the benefits of the Trust Agreement to the extent legally enforceable in accordance with their terms, (v) no authorization, approval, consent, or other order of any governmental authority or agency having jurisdiction over the Trustee is required for the valid authorization, execution, delivery and performance by the Trustee of the Trust Agreement and the Assignment Agreement, (vi) the execution and delivery of the Trust Agreement and the Assignment Agreement and compliance by the Trustee with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Trustee a breach or default under any agreement or other instrument to which the Trustee is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the Trustee is subject and (vii) no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution or delivery by the Trustee of any of the Certificates or the collection of the revenues that are the source of Lease Payments, or (B) in any way contesting or affecting any authority of the Trustee for the execution or delivery of the Certificates or the validity or enforceability of the Certificates or the Trust Agreement;

(7) a certificate of the District, dated the Closing Date, signed by an authorized officer thereof, to the effect that (i) the representations and warranties of the District contained in the Purchase Agreement and in the Certificate Documents to which it is a party are true and correct in all material respects as of the Closing Date as if made on the Closing Date, and (ii) to the best of the District's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the statements or information (except for statements and information regarding DTC, or the Insurer) contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information (except for statements and information regarding DTC, or the Insurer) therein not misleading in any material respect;

(8) a certificate of the Corporation, dated the Closing Date, signed by an authorized officer thereof, to the effect that (i) the Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California, (ii) the Corporation has all necessary power and the Corporation and has taken all official actions necessary to execute, deliver and perform its duties under each of the Certificate Documents to which it is a party, and each of the Certificate Documents to which the Corporation is a party has been duly authorized, executed and delivered by the Corporation and, assuming

the due authorization, execution and delivery by the other respective parties thereto, will constitute legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or principles of equity involving judicial discretion, (iii) the Corporation is not in material breach of, or default under, any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America material to the conduct of its functions or any applicable judgment or decree or any loan agreement, indenture, bond, certificate, note, resolution or other agreement or instrument to which the Corporation is a party or to which the Corporation or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the foregoing; and the authorization, execution and delivery of the Certificate Documents to which the Corporation is a party, and compliance with the provisions thereof, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative rule or regulation, or any judgment, decree, license, permit, loan agreement, indenture, bond, certificate, note, resolution, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as may be provided by the Certificate Documents, (iv) there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory entity having jurisdiction over the Corporation required for the execution and delivery of the Certificate Documents to which the Corporation is a party, or the consummation by the Corporation of the transactions contemplated in the Official Statement or in the Certificate Documents, which has not been duly obtained or made on or prior to the date hereof, (v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the Corporation, threatened against the Corporation which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates or any of the Certificate Documents, or contesting the validity of the Certificates or any of the Certificate Documents or the powers of the Corporation to enter into or perform its obligations under the Certificate Documents to which it is a party or the existence or powers of the Corporation, and (vi) to the best of the Corporation's knowledge, no event affecting the Corporation has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the statements or information regarding the Corporation contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein regarding the Corporation not misleading in any material respect;

(9) a certified copy of the Resolution of the governing board of the District authorizing the execution and delivery of the Certificate Documents to which the District is a party and other matters pertaining thereto, together with

evidence of the notice provided to County officials pursuant to Education Code Section 17150.1;

(10) a certified copy of the Resolution of the governing board of the Corporation authorizing the execution and delivery of the Certificate Documents to which the Corporation is a party and other matters pertaining thereto;

(11) a certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Certificate Documents to which the Trustee is a party;

(12) the certificate insurance policy issued by the Insurer with respect to the Certificates, the tax certificate representations of the Insurer, and an opinion of counsel to the Insurer regarding the enforceability of such policy, in form reasonably satisfactory to the District, Special Counsel and the Underwriter;

(13) the municipal bond debt service reserve insurance policy issued by the Insurer to be credited to the reserve fund established for the Certificates, and the Insurance Agreement executed by the Insurer and the District with respect thereto;

(14) Internal Revenue Service Form 8038-G, as prepared for the Certificates;

(15) evidence of arrangements for the issuance of a binder for a CLTA title insurance policy or policies, providing the title insurance required by the Lease Agreement; and

(16) the rating letter of Standard & Poor's Rating Services to the effect that such rating agency has rated the Certificates "___" based upon the issuance of the certificate insurance policy by the Insurer, and an underlying rating of "___" without regard to the issuance of such policy, and that each such rating has not been revoked or downgraded;

(17) evidence satisfactory to Special Counsel and the Underwriter, of insurance in compliance with the Lease Agreement and the Trust Agreement;

(18) the duly executed Continuing Disclosure Certificate of the District in substantially the form attached to the Official Statement as Appendix E;

(19) a tax certificate of the District in form and substance acceptable to Special Counsel;

(20) The Underwriter shall provide the following certificates to the District:

(1) The receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, accepting delivery of the Certificates to the Underwriter and receipt of all documents required by the Underwriter, and the satisfaction of all conditions and terms of this Purchase Agreement by the District, and confirming to the

District that as of the Closing Date, all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects; and

(2) The certification of the Underwriter regarding the prices at which the Certificates have been reoffered to the public, in form satisfactory to Special Counsel, as described in this Purchase Agreement, which certification shall include such additional matters as Special Counsel shall specify.

(21) an opinion of Kronick, Moskovitz, Tiedemann & Girard, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in form and substance satisfactory to the Underwriter.

(22) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request to evidence compliance by the Trustee, the Corporation and the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Trustee, the Corporation and the District, and the due performance or satisfaction by the Trustee, the Corporation and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Trustee, the Insurer, the Corporation and the District.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriter nor the Corporation shall have any further obligations hereunder.

7. **Fees and Expenses.** On the Closing Date, the Underwriter shall wire, on behalf of the District from proceeds of the Certificates, the total amount of \$_____ to the Insurer, representing payment of the premium for the municipal bond insurance policy for the Certificates of \$_____ and the premium for the reserve fund surety bond of \$_____. Except as provided in the following paragraph, the District shall pay all costs and expenses incurred in connection with or relating to the execution and sale of the Certificates, including but not limited to: (a) all fees and expenses of Special Counsel and Disclosure Counsel, (b) all expenses and costs of the District incident to the performance of its obligations hereunder and in connection with the authorization, execution and sale of the Certificates to the Underwriter including CUSIP numbers, (c) the costs of printing the Preliminary Official Statement and the Official Statement, (d) the fees and expenses of the Trustee and its counsel, (e) the fees of S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, for rating the Certificates, (f) fees of the financial advisor, (g) fees of Underwriter's counsel, and (h) the premium cost for title insurance.

The Underwriter shall pay any advertising expenses incurred in connection with the public offering of the Certificates, California Debt and Investment Advisory Commission and other regulatory bond fees, except as provided in the preceding paragraph, and all other expenses incurred by the Underwriter, including, but not limited to, fees and expenses in connection with the public offering and sale of the Certificates. Meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related

activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

8. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement, when accepted by the District in writing as heretofore specified, shall constitute the entire agreement between the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Agreement shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Certificates hereunder, and (c) any termination of this Purchase Agreement.

9. **Survival of Certain Representations and Obligations.** The agreements, covenants, representations, warranties and other statements of the District and its officials or officers set forth in or made pursuant to this Purchase Agreement shall survive delivery of and payment for the Certificates, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

10. **Notices.** All notices, certificates and other communications provided for hereunder shall be in writing and, if to the District, mailed, certified, return receipt requested, or delivered to it, addressed to it at the address identified on page 1 hereof, Attention: Assistant Superintendent, Business Services, and if to the Underwriter, mailed, certified, return receipt requested, or delivered to it, addressed to it at:

Raymond James & Associates, Inc.
209 Avenida Del Mar, Suite 207
San Clemente, California 92672
Attn: Mr. Randy Merritt

or such other address as shall be designated by any such party in a written notice to each of the other parties.

11. **Survival of Representations, Warranties and Agreements.** All representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Certificates hereunder.

12. **Determination of End of the Underwriting Period.** For purposes of this Purchase Agreement, the "end of the underwriting period" for the Certificates shall mean the day of the Closing unless the District has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Certificates for all purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing. If the "end of the underwriting period" for the Certificates will not occur on the day of the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the "end of the underwriting period" for the Certificates for all purposes of the Rule.

13. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14. **No Assignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

15. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

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

17. **Effectiveness.** This Purchase Agreement shall become effective upon its execution by duly authorized officers of the Underwriter and the District and shall be valid and enforceable from and after the time of such execution.

18. **Counterparts.** This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC.,
as Underwriter

By: _____
Managing Director

The foregoing is hereby agreed to and accepted at _____ [a.m./p.m.] Pacific Time, on _____, 2017:

RESCUE UNION SCHOOL DISTRICT

By: _____
Superintendent

[Signature Page of Certificate Purchase Agreement]

EXHIBIT A

Maturity Schedule and Prepayment Provisions

Maturity Schedule

Prepayment Provisions

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
2017 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
RESCUE UNION SCHOOL DISTRICT
to Public Property Financing Corporation of California
(2017 Capital Projects)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Raymond James & Associates, Inc. (the "Underwriter), based upon information available to it hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

1. Sale of the Certificates. As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in Schedule A.

2. Defined Terms.

(a) *Issuer* means Rescue Union School District.

(b) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. Accordingly, the Underwriter makes no representation as to the legal sufficiency of the factual matters set forth herein. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the

representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Certificates, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Certificates. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: [Closing Date]

RAYMOND JAMES & ASSOCIATES, INC.,
as Underwriter

By: _____
Managing Director

**SCHEDULE A
ACTUAL SALE PRICES**

JH

JONES HALL

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 14, 2017**NEW ISSUE -- FULL BOOK-ENTRY
BANK QUALIFIED****[Standard & Poor's "___" (Insured)]
Standard & Poor's: "___" (Underlying)
See "RATINGS" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Lease Payments are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS".

\$5,500,000*

**2017 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
RESCUE UNION SCHOOL DISTRICT
to the Local Facilities Finance Corporation
(2017 Capital Improvement Projects)
(Bank Qualified)**

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

Purposes. The captioned certificates of participation (the "Certificates") are being executed and delivered to (a) finance the acquisition and improvement of real property to be used as educational facilities by the Rescue Union School District (the "District"), and (b) pay certain costs of executing and delivering the Certificates, including, but not limited to, the premiums to acquire certificate insurance and a reserve fund surety to be credited to the Reserve Fund (defined herein). See "FINANCING PLAN" herein.

Security. The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the District for the use and occupancy of certain real property and improvements under a Lease Agreement, dated as of September 1, 2017 (the "Lease Agreement"), between the District and the Local Facilities Finance Corporation, a California nonprofit public benefit corporation (the "Corporation"). The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement described herein regarding abatement and defeasance. The District is required under the Lease Agreement to take such actions as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. The Certificates will be secured under a Trust Agreement dated as of September 1, 2017, among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the "Trustee"). Under an Assignment Agreement dated as of September 1, 2017, between the Corporation and the Trustee, the Lease Payments will be irrevocably assigned to the Trustee for the benefit of the Owners of the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES." See also "CERTAIN RISK FACTORS."

Interest. Interest represented by the Certificates will be payable on April 1 and October 1 of each year, commencing April 1, 2018. See "THE CERTIFICATES."

Book-Entry Only. When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

Payments. Principal, premium, if any, and interest due with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit those payments to its participants for subsequent disbursement to the beneficial owners of the Certificates as described in this Official Statement. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

Prepayment. The Certificates are subject to optional prepayment, extraordinary optional repayment from State Reimbursements, General Obligation Bond Proceeds and unspent Certificate proceeds (defined herein), mandatory prepayment from net proceeds of insurance or condemnation and mandatory sinking fund prepayment prior to their maturity. See "THE CERTIFICATES – Prepayment."

Limited Obligation. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE COUNTY OF EL DORADO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

[Certificate Insurance. The scheduled payment of principal and interest on the Certificates when due will be guaranteed under a municipal certificate insurance policy to be issued concurrently with the delivery of the Certificates by _____ (the "Certificate Insurer"). The Certificate Insurer will also issue a reserve fund insurance policy concurrently with the delivery of the Certificates to be credited to the Reserve Fund. See "CERTIFICATE INSURANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Reserve Fund.]"

-logo of insurer (if any)-

MATURITY SCHEDULE
(See inside cover)

This cover page contains information for quick reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire official statement to obtain information essential in making an informed investment decision. See "CERTAIN RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Certificates.

The Certificates are offered when, as and if executed and delivered, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Kronick, Moskovitz, Tiedemann & Girard, Sacramento, California, is serving as counsel to the Underwriter. It is anticipated that the Certificates will be available for delivery to on or about September ___, 2017.

RAYMOND JAMES®

The date of this Official Statement is: _____, 2017

*Preliminary; subject to change.

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

MATURITY SCHEDULE*

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. None of the City, the Authority, or the Underwriter takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates 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 Certificate 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 Certificates 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 which 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 continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Certificates at levels above those that 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 Certificates to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

No Securities Laws Registration. The Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Certificates 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 Certificates will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Corporation, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

[Certificate Insurer Disclaimer. _____]

**RESCUE UNION SCHOOL DISTRICT
EL DORADO COUNTY
STATE OF CALIFORNIA**

BOARD OF TRUSTEES

Nancy Brownell, *President*
Kim White, *Vice President*
Suzanna George, *Clerk*
Stephanie Kent, *Trustee*
Tagg Neal, *Trustee*

DISTRICT ADMINISTRATION

Cheryl Olson, *Superintendent*
Michael "Sid" Albaugh, *Assistant Superintendent of Business Services*

FINANCIAL ADVISOR

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

SPECIAL COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Kronick, Moskovitz, Tiedemann & Girard
Sacramento, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

**Mr. Albaugh is leaving his position at the District. The District Board is in the process of identifying a successor.*

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OFFICIAL STATEMENT

\$5,500,000*

2017 CERTIFICATES OF PARTICIPATION

Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
RESCUE UNION SCHOOL DISTRICT
to the Local Facilities Finance Corporation
(2017 Capital Improvement Projects)
(Bank Qualified)

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (collectively, the “**Official Statement**”), provides certain information concerning the sale and delivery of the certificates of participation captioned above (the “**Certificates**”), which evidence the direct, undivided fractional interests of the Owners thereof in lease payments (the “**Lease Payments**”) to be made by the Rescue Union School District (the “**District**”) pursuant to a Lease Agreement dated as of September 1, 2017 (the “**Lease Agreement**”), between the District and Local Facilities Finance Corporation (the “**Corporation**”).

All capitalized terms used in this Official Statement but not otherwise defined have the meanings set forth in the Trust Agreement (defined below) or the Lease Agreement. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

The District. The District is located approximately 30 miles east of the City of Sacramento (the “**City**”), encompassing approximately 51 square miles of unincorporated territory in the County of El Dorado (the “**County**”), including the communities of El Dorado Hills, Cameron Park, Rescue and Shingle Springs. The region includes farmland, ranches and vineyards which are part of the Sierra Foothills American Vinicultural Area. The District operates five elementary schools, two middle schools and a virtual learning program, serving an enrolled student population of approximately 3,624 students (budgeted) for fiscal year 2017-18. See “THE DISTRICT.”

Use of Proceeds. The proceeds of the sale of the Certificates will be used for the following purposes:

- (i) to finance the acquisition and construction of high priority capital facilities needs in the District, including the construction of a 2-story building for classrooms at the Marina Village Middle School site, and
- (ii) to pay certain costs incurred in connection with the execution and delivery of the Certificates, which may include, but are not limited to, the payment of premiums to obtain a certificate insurance policy (the “**Certificate Insurance Policy**”) and a reserve fund insurance policy (the “**Reserve Fund Policy**”) both to be issued by _____ (the “**Certificate Insurer**”) concurrently with the delivery of the Certificates.

See “FINANCING PLAN.”

**Preliminary; subject to change*

Security and Sources of Payment. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the “**Owners**”) thereof in the Lease Payments to be made by the District for the right to use the land and buildings comprising the District’s Lake Forest Elementary School at 2240 Salisbury Drive in El Dorado Hills, CA 95762, which will be leased by the District from the Corporation under the Lease Agreement (the “**Leased Property**”). See “THE LEASED PROPERTY” and “DISTRICT FINANCIAL INFORMATION – Long Term District Debt.”

The District and the Corporation will enter into a Site Lease dated as of September 1, 2017 (the “**Site Lease**”). Under the Site Lease, the District (as owner of the Leased Property) will lease the Leased Property to the Corporation. Concurrently, the District and the Corporation will enter into the Lease Agreement, under which the District will sublease the Leased Property back from the Corporation.

The Certificates will be executed and delivered under a Trust Agreement dated as of September 1, 2017 (the “**Trust Agreement**”), among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the “**Trustee**”).

The Trustee and the Corporation will enter into an Assignment Agreement dated as of September 1, 2017 (the “**Assignment Agreement**”), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation’s right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

LIMITED OBLIGATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE COUNTY OF EL DORADO (THE “**COUNTY**”), THE STATE OF CALIFORNIA (THE “**STATE**”) OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Covenant to Appropriate; Abatement. The District is required under the Lease Agreement to take such actions as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

However, the Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the District’s right to the use and possession of the Leased Property or any portion thereof due to material damage to or destruction of the Leased Property or due to the taking of the Leased Property in eminent domain proceedings. If the Lease Payments are abated under the Lease Agreement, and are

not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Certificates (as described below), Lease Payments (or a portion thereof) may be made from those sources during periods of abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement” and “CERTAIN RISK FACTORS.”

Prepayment. The Certificates are subject to optional prepayment, extraordinary optional repayment from State Reimbursements, General Obligation Bond Proceeds and/or Developer Fees and unspent proceeds of the Certificates (each as defined herein), mandatory prepayment from net proceeds of insurance or condemnation and mandatory sinking fund prepayment prior to their maturity. See “THE CERTIFICATES – Prepayment.”

Certificate Insurance Policy; Reserve Fund Policy. Concurrently with the delivery of the Certificates, the Certificate Insurer will issue the Certificate Insurance Policy for the Certificates. The Certificate Insurance Policy guarantees the scheduled payment of principal and interest represented by the Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix H to this Official Statement.

Concurrently with the delivery of the Certificates, the Certificate Insurer will also issue the Reserve Fund Policy to be credited to the Reserve Fund.

See “CERTIFICATE INSURANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Reserve Fund.”

Legal Matters. The execution and delivery of the Certificates is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (“**Special Counsel**”), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, is also serving as Disclosure Counsel to the District (“**Disclosure Counsel**”). Kronick, Moskovitz, Tiedemann & Girard, Sacramento, California, is serving as counsel to the Underwriter (“**Underwriter’s Counsel**”). *Payment of the fees of Special Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the delivery of the Certificates.*

Tax Matters; Bank Qualified. In the opinion of Special Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. In addition, Special Counsel will opine that the Lease Payments are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, subject to certain limitations as set forth in such opinion. In the further opinion of Special Counsel, such interest is exempt from State personal income taxes. See “TAX MATTERS” and Appendix D hereto.

Certain Risk Factors. As described under the heading “CERTAIN RISK FACTORS,” there are investment considerations and other risk factors associated with the purchase of the Certificates. Any one or more of the risks discussed, and others, could lead to a decrease in the

market value of the Certificates. Potential purchasers of the Certificates are advised to review the entire Official Statement carefully and to conduct such due diligence and other review as they deem necessary and appropriate under the circumstances.

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

Summaries of Documents. The summaries or references to the Site Lease, the Trust Agreement, the Lease Agreement, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute.

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FINANCING PLAN

The proceeds of the Certificates will be applied to finance the acquisition and improvement high priority capital facilities needs projects in the District, including the construction of a 2-story building for classrooms at the Marina Village Middle School site (the “**Project**”). See also “SOURCES AND USES OF FUNDS” herein.

Pursuant to the Trust Agreement, the Trustee will establish a project fund (the “**Project Fund**”) into which a portion of the Certificate proceeds will be deposited in order to finance the Project. Funds deposited in the Project Fund will be withdrawn by the Trustee upon the written request of the District to pay or reimburse Project Costs, as defined in the Trust Agreement. See APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - TRUST AGREEMENT.”

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Certificates

Plus/Less Original Issue Premium/Discount

Total Sources

Uses of Funds

Project Fund

Delivery Costs⁽¹⁾

Total Uses

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Special Counsel, Disclosure Counsel, Financial Advisor, Trustee, Certificate Insurance Policy and Reserve Fund Policy premiums, rating agency fees, title insurance fees and certain other costs.

THE LEASED PROPERTY

Description and Location

Lease Payments will be made by the District under the Lease Agreement for the use and possession of real property and improvements thereon commonly known as Lake Forest Elementary School, located at 2240 Salisbury Drive in El Dorado Hills, CA 95762 (defined previously herein as the Leased Property). The Leased Property includes buildings constructed in 1990-91 totaling approximately 44,499 square feet located on a parcel of approximately 8.3 acres. The insured replacement value of the buildings totals \$8,462,186 (not including contents or land).

Fair Rental Value

The Lease Agreement provides that the Lease Payments and any Additional Payments which are payable in a Fiscal Year will constitute the total rental for the Leased Property for that Fiscal Year, and will be paid by the District in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Fiscal Year.

The Corporation and the District have agreed and determined in the Lease Agreement that the total Lease Payments and Additional Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, other obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

Substitution

The Lease Agreement provides that, upon compliance with certain conditions specified therein, the District may substitute alternate real property for all or any portion of the Leased Property or to release a portion of the Leased Property from the Lease Agreement. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

THE CORPORATION

The Local Facilities Finance Corporation is a nonprofit, public benefits corporation, incorporated under the laws of the State and recorded by the Secretary of State in July 2011. The Corporation was formed for the sole purpose of providing financial assistance to California local governmental entities by financing, refinancing, acquiring, constructing, improving, leasing and selling building, building improvements, equipment, and any other real or personal property for the benefit of residents of local government and surrounding areas. The Board of Directors of the Corporation adopted its resolution approving the execution and delivery of the Certificates and related documents at a special meeting held on August 1, 2017.

THE CERTIFICATES

Certificate Terms

General. The Certificates evidence and represent direct, fractional undivided interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the District pursuant to the Lease Agreement.

The Certificates are dated the date of original delivery thereof and will be executed and delivered, without coupons, in denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The interest components evidenced by the Certificates will be due and payable semiannually on April 1 and October 1 of each year (each a "**Payment Date**"), commencing April 1, 2018.

Each Certificate shall be dated as of the date of its execution, and interest represented thereby shall be payable from the Payment Date next preceding the date of execution thereof, (a) unless it is executed following the close of business on the fifteenth day of the month preceding each Payment Date, whether or not such fifteenth day is a Business Day (a "**Record Date**") and on or before the next succeeding Payment Date, in which event interest represented thereby shall be payable from such Payment Date, or (b) unless it is executed on or before March 15, 2018, in which event interest represented thereby shall be payable from the day when the Certificates, duly executed by the Trustee, are delivered to the Underwriter; *provided, however,* that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Lease Payments evidenced by the Certificates will be payable no later than five Business Days preceding each Payment Date. Interest represented by the Certificates will be calculated at the respective rates per annum as set forth on the front inside cover page of this Official Statement.

Prepayment

The Certificates are subject to prepayment as described below. Capitalized terms used below and not defined have the meanings assigned to such terms in the Trust Agreement. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

Optional Prepayment. The Certificates maturing on or before October 1, 2027, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after October 1, 2028, are subject to prepayment prior to their respective stated maturities, at the option of the District, in whole, or in part among maturities on such basis as designated by the District and by lot within any one maturity, on October 1, 2027, or on any date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Extraordinary Optional Prepayment from State Reimbursements or General Obligation Bond Proceeds. The Certificates are subject to extraordinary optional prepayment before their respective stated maturities at the option of the District, in whole, or in part among maturities on such basis as designated by the District and by lot within any one maturity, on any date commencing on and after _____, 20__ from State Reimbursements or General Obligation Bond Proceeds or unspent Certificate proceeds (each defined in the following paragraph), upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

As defined herein and in the Trust Agreement, the term “**State Reimbursements**” means funds received by the District from the State which may be applied to the purchase of all or a portion of the project financed with the proceeds of the Certificates. “**General Obligation Bond Proceeds**” means proceeds of general obligation bonds, or bond anticipation notes, issued by the District pursuant to a measure approved by District voters and thereafter issued pursuant to State law.

Mandatory Prepayment from Sinking Fund Prepayments. The Certificates maturing on October 1, 20__ (the “**Term Certificates**”) are subject to mandatory sinking fund prepayment by lot on October 1 in each year as set forth in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Sinking Fund Prepayment Date (October 1)	Principal Amount To Be Prepaid
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Notwithstanding the foregoing, if some but not all of the Term Certificates are prepaid under the Trust Agreement, the aggregate principal amount of the Term Certificates to be prepaid in each year as reflected in the foregoing table shall be reduced by the aggregate principal amount of Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the Term Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Mandatory Prepayment from Net Proceeds. The Certificates are subject to mandatory prepayment, in whole or in part on any Business Day, among maturities on a pro rata basis and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement and Trust Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium. See “APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Purchase In Lieu of Prepayment. In lieu of prepayment of Certificates as provided in the Trust Agreement and described above, amounts held by the Trustee for such prepayment may, at the written request of the District, be applied by the Trustee to the purchase of

Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid.

Notice of Prepayment. The Trustee will mail notice of prepayment of the Certificates by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least 30 days but not more than 60 days prior to the prepayment date. Such notice shall:

- (a) state the prepayment date and prepayment price;
- (b) state the numbers or maturities of the Certificates to be prepaid, if less than all of the then Outstanding Certificates are to be called for prepayment;
- (c) if a Certificate is to be prepaid only in part, identify the portion of the Certificate which is to be prepaid;
- (d) require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price;
- (e) state that interest represented by the Certificates will not accrue from and after the prepayment date; and
- (f) state that on the prepayment date the principal and premium, if any, represented by each Certificate will become due and payable, together with accrued interest represented thereby to the prepayment date, and that from and after such date interest represented thereby ceases to accrue and be payable.

Neither the failure to receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

While the Certificates are subject to the book-entry system, the Trustee will not be required to give any notice of prepayment to any person or entity other than DTC and to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and at the District's written direction, other securities depositories and information services. DTC and the DTC Participants shall have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "Effect of Prepayment."

Rescission of Prepayment Notice. The District may rescind any prepayment of the Certificates, and notice thereof, for any reason on any date prior to the date fixed for such prepayment by causing written notice of the rescission to be given to the Owners of the Certificates so called for prepayment. Notice of rescission of prepayment will be given in the same manner in which the notice of prepayment was originally given. The actual receipt of notice of such rescission is not a condition precedent to rescission and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. The District, the

Corporation or the Trustee have no liability to the Owners of any Certificates, or any other party, as a result of the District's decision to rescind a prepayment of the Certificates.

Selection of Certificates. Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any maturity are called for prepayment, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid.

Effect of Prepayment. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund, the Certificates shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

Book-Entry Only System

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Certificates (the "**Beneficial Owners**") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "APPENDIX F – Book-Entry Only System." If the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

Transfer and Exchange of Certificates

While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX F – Book-Entry Only System." During any period in which the Certificates are not subject to DTC's book-entry system, their exchange and transfer will be governed by provisions of the Trust Agreement summarized in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

LEASE PAYMENT SCHEDULE

Following is the schedule of Payment Dates with respect to the Certificates. Under the Lease Agreement, Lease Payments are due the fifth Business Day immediately preceding each Payment Date.

RESCUE UNION SCHOOL DISTRICT SCHEDULE OF LEASE PAYMENTS

Date	Principal Component	Interest Component	Total Payments
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Total

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

General. Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payment due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of delivery to its principal payment date or prepayment date, as the case may be.

Assignment of Rights in Lease to Trustee. The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the District; except that the Corporation will retain certain rights under the Lease Agreement (including the rights to Additional Payments, repayment of advances, indemnification and payment of attorneys' fees). The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "– Lease Payments" below.

Lease Payments

General. For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to make Lease Payments. To secure the payment of the Lease Payments, the District is required to pay to the Trustee, for deposit into the Lease Payment Fund established and maintained by the Trustee, on the fifth Business Day before each Payment Date, an amount sufficient to pay the Lease Payment then due.

Pursuant to the Trust Agreement, the Trustee shall withdraw moneys from the Lease Payment Fund on each Payment Date in amounts which equal the Lease Payment due on such Payment Date and shall cause all sums withdrawn from the Lease Payment Fund to be deposited in the Certificate Payment Account, and shall cause the same to be applied to the payment of principal and interest evidenced by the Certificates due on such Payment Date.

Scheduled Lease Payments relating to the Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

Additional Rent. The Lease Agreement requires the District to pay, in addition to the Lease Payments, all costs and expenses incurred by the District under the Lease Agreement or under the Trust Agreement, or incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee and all of its reasonable costs and expenses (including amounts payable to the Trustee by virtue of indemnification) payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all reasonable costs and expenses of attorneys, auditors, engineers and accountants engaged by the Corporation or the Trustee in connection with the Leased Property or the performance of their duties under the Lease Agreement or under the Trust Agreement (collectively, "**Additional Payments**").

Covenant to Appropriate Funds. The District covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments and all estimated Additional Payments due under the Lease Agreement in its annual budgets. The Lease

Agreement provides that it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform such covenant.

See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - The Lease Agreement - Lease Payments; Budget and Appropriation; Abatement.”

Abatement

Lease Payments will be paid by the District in each rental period for the District’s right to use and occupy the Leased Property for such rental period. The obligation of the District to pay Lease Payments will be abated, proportionately, during any period in which, by reason of damage or destruction, or taking in eminent domain or any defect in title to the Leased Property, there is substantial interference with the use and possession of the Leased Property by the District. The Lease Agreement provides that the amount of such abatement shall be determined by the District such that the resulting Lease Payments represent the fair consideration for the use and possession of the portion of the Leased Property not damaged or destroyed or taken; provided, however, that such abatement shall not result so long as moneys in the Lease Payment Fund and the Reserve Fund and Net Proceeds of insurance and rental interruption insurance and condemnation awards are sufficient to make Lease Payments when and as due.

Such abatement will continue for the period commencing with such damage or destruction or taking and ending with the substantial completion of the work of repair or reconstruction; and the term of the Lease Agreement shall be extended as provided in the Lease Agreement, except that the term of the Lease Agreement will in no event be extended more than ten years beyond the termination date. Abatement of Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. In the event of any such partial damage or destruction or taking, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage or destruction or taking. For information regarding rental interruption insurance, see “ – Covenant to Maintain Property Insurance” below.

The Trustee cannot terminate the Lease Agreement solely on the basis of such substantial interference. Abatement of Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. For a description of abatement resulting from condemnation of all or part of the Leased Property, see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Lease Payments – Abatement.”

Limited Obligation

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease with respect thereto as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property, calculated in accordance with the Lease Agreement.

However, there will be no abatement of Lease Payments to the extent that amounts in the Reserve Fund, insurance proceeds and eminent domain proceeds are available to pay Lease Payments that would otherwise be abated under this provision, and such proceeds and amounts will constitute a special fund for the payment of the Lease Payments.

Lease Payment Fund

Establishment. Under the Trust Agreement the Trustee will establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund will be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates.

So long as any Certificates are Outstanding, neither the District nor the Corporation will have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys will be used and applied by the Trustee as set forth in the Trust Agreement.

Deposits. All Lease Payments received by the Trustee will be deposited in the Lease Payment Fund.

Application of Moneys. All amounts in the Lease Payment Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Certificates as they become due and payable, in accordance with the Trust Agreement.

Lease Payment Fund; Surplus. Any surplus remaining in the Lease Payment Fund after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, will be withdrawn by the Trustee and remitted to the District.

Action on Default

If the District defaults under the Lease Agreement, the Trustee, as assignee of the Corporation's rights under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the District, or may retain the Lease Agreement and hold the District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See "CERTAIN RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

Reserve Fund

A reserve fund (the “**Reserve Fund**”) is established by the Trust Agreement and is required to be funded in an amount of the “**Reserve Requirement**”, being, as of the date of calculation thereof, an amount equal to the lesser of [(a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to the Lease Agreement) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments].

The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund moneys, a letter of credit, a bond insurance policy, or any other comparable credit facility issued by an insurance company satisfying the requirements of the Trust Agreement. Amounts available in the Reserve Fund, including amounts available pursuant to any such reserve fund credit instrument, will be used to make delinquent Lease Payments on behalf of the District. On the Closing Date, the full amount of the Reserve Requirement will be satisfied by the delivery of the Reserve Fund Policy by the Certificate Insurer.

The Reserve Fund is required to be maintained until all Lease Payments are paid in full pursuant to the Lease Agreement and until the first date upon which the Certificates are no longer Outstanding. Amounts available in the Reserve Fund, including amounts available pursuant to the Reserve Fund Policy, will be used to make delinquent Lease Payments in accordance with the Trust Agreement.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS” for a further description of the application of funds in the Reserve Fund.

Covenant to Maintain Insurance

The Lease Agreement requires the District to obtain public liability and property damage insurance, casualty insurance, rental interruption insurance, and to obtain a title insurance policy with respect to the Leased Property, as described below.

Public Liability and Property Damage Insurance. The District will maintain or cause to be maintained, throughout the term of the Lease Agreement, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District, or in the form of the participation by the District in a joint powers authority or other program providing pooled

insurance. The District shall apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Casualty Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the term of the Lease Agreement, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the District, whose determination is final and conclusive. Such insurance may be subject to such deductibles as the District deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The District shall apply the Net Proceeds of such insurance as provided in the Lease Agreement.

Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in due to a casualty as described in the preceding paragraphs, in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive Fiscal Years during the remaining Term of the Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Title Insurance. The District shall obtain a CLTA title insurance policy from Stewart Title Guaranty Company, insuring the District's leasehold estate in the Leased Property under the Lease, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under such title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited towards the prepayment of the Lease Payments under the Lease Agreement.

See also "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

Insurance and Condemnation Fund; Application of Net Proceeds

The Lease Agreement requires that Net Proceeds of any insurance or condemnation award with respect to the Leased Property (other than proceeds of rental interruption insurance, which are required to be deposited into the Lease Payment Fund) be paid to the Trustee to be applied as provided in the Trust Agreement. The Trust Agreement provides that such Net

Proceeds received by the Trustee shall be deposited in the Insurance and Condemnation Fund and that the District shall, within 90 days of the deposit of Net Proceeds with the Trustee, file a certificate with the Trustee and the Net Proceeds shall be applied by the Trustee as follows:

Application of Net Proceeds of Insurance. Any Net Proceeds of insurance collected by the District in the event of accident to or destruction of any component of the Leased Property are required to be paid to the Trustee and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall establish. If the District determines and notifies the Trustee in writing of its determination, within 90 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the District, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments and the corresponding mandatory prepayment of Certificates, which prepayment shall be made on the first prepayment date for which notice of prepayment can be timely given. The determination of the District to apply Net Proceeds to the prepayment of Certificates is subject to the following:

- (a) if the Leased Property is damaged or destroyed in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments allocable to the Leased Property; and
- (b) if the Leased Property is damaged or destroyed in part but not in whole, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments which result after the corresponding abatement thereof under the Lease Agreement are sufficient to pay the full amount of principal and interest represented by the Certificates which remain Outstanding after such prepayment.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after the District shall file a written certificate with the Trustee stating that such work has been completed shall, after payment of all amounts then due and owing to the Trustee hereunder, be paid to the District.

See "THE CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

Application of Net Proceeds of Condemnation Award. The Trust Agreement provides that, if all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, under the Lease Agreement, and shall be applied and disbursed by the Trustee as follows:

- (a) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the District has given written notice to the Trustee of such determination, the Trustee will transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as they become due and payable.
- (b) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee will pay to the District, or to its order, from said proceeds such amounts as the District may expend for the repair or rehabilitation of the Leased Property.
- (c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District gives written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee will transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments of the Lease Agreement and applied to the corresponding mandatory prepayment of Certificates, which prepayment shall be made on the first prepayment date for which notice of prepayment can be timely given.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section, the District may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. Any such determination by the District is final. See also "THE CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

CERTIFICATE INSURANCE

The following information has been furnished by the Certificate Insurer for use in this Official Statement. No representation is made by the District or the Underwriter as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. See APPENDIX H for a specimen of the Certificate Insurance Policy.

-TO BE PROVIDED UPON DESIGNATION OF INSURER --

THE DISTRICT

General Information

The District was established as an elementary school district in 1950 through the consolidation of four school districts. The District is located approximately 30 miles east of the City of Sacramento (the “**City**”), encompassing approximately 51 square miles of unincorporated territory in the County of El Dorado (the “**County**”), including the communities of El Dorado Hills, Cameron Park, Rescue and Shingle Springs. The region includes farmland, ranches and vineyards which are part of the Sierra Foothills American Vinicultural Area. The District operates five elementary schools, two middle schools and a virtual learning program, serving an enrolled student population of approximately 3,624 students (budgeted) for fiscal year 2017-18. There are no charter schools operating in District boundaries.

Administration

Board of Trustees. The District is governed by a seven-member Board of Trustees whose members are elected to four-year terms. The terms are staggered on two-year intervals to provide continuity of governance. Vacancies during terms are filled by an individual appointed by a majority of the remaining Board members or, if there is no majority, by a special election. Members appointed by a majority of the Board serve until the next scheduled election, at which time the voters elect a person to serve the remaining years of the term.

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

RESCUE UNION SCHOOL DISTRICT BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Nancy Brownell	President	December 2018
Kim White	Vice President	December 2018
Suzanna George	Clerk	December 2018
Stephanie Kent	Member	December 2020
Tagg Neal	Member	December 2020

Superintendent and Administrative Personnel. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board of Trustees. Currently, Cheryl Olson is the District’s Superintendent. Ms. Olson joined the District as Superintendent in 2017. Ms. Olson’s career in education has spanned over 30

years in teaching and administrative positions. She holds a Bachelors of Arts in Elementary Education from Wheaton College in Illinois and a Masters in Education from Simpson University. [The position of Assistant Superintendent of Business Services for the District is currently vacant however the District Board is in the process of identifying a candidate to fill this position.]

Recent Enrollment Trends

The following table shows recent enrollment history for the District.

**ANNUAL ENROLLMENT
Fiscal Years 2006-07 through 2017-18 (Projected)
Rescue Union School District**

School Year	Enrollment	% Change
2011-12	3,992	--
2012-13	3,899	(2.33%)
2013-14	3,773	(3.23)
2014-15	3,700	(1.93)
2015-16	3,672	(0.76)
2016-17	3,720	1.31
2017-18*	3,624	(2.58)

**Projection.*

Source: California Department of Education; Rescue Union School District.

The District has engaged demographer to undertake an enrollment study.

Employee Relations

In fiscal year 2017-18, the District employed 170 full time equivalent (“**FTE**”) certificated employees, 109 FTE classified employees and 29 management/Supervisor/Confidential FTE employees. For fiscal year 2017-18, the total certificated and classified payrolls are projected to be approximately \$15.66 million and \$5.89 million, respectively. District employees are represented by employee bargaining units as follows:

<u>Name of Bargaining Unit</u>	<u>Current Contract Expiration Date</u>
Rescue Union Federation of Teachers	June 30, 2019
California School Employees Association	June 30, 2020

Source: Rescue Union School District.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, the District contracted with Schools Insurance Authority (“**SIA**”) for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year. The District also participated in the SIA insurance purchasing pool for workers’ compensation.

The relationship between the District and SIA is such that SIA is not a component unit of the District for financial reporting purposes.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

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

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

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

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

Grade Span Funding at Full LCFF Implementation (Target Amount)

Grade Span	Base Grant⁽¹⁾	K-3 Class Size Reduction and 9-12 Adjustments	Average Assuming 0% Targeted Students	Average Assuming 25% Targeted Students	Average Assuming 50% Targeted Students	Average Assuming 100% Targeted Students
K-3	\$6,845	\$712	\$7,557	\$7,935	\$8,313	\$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	\$216	8,505	8,930	9,355	12,119

*(1) Does not include adjustments for cost of living.
Source: California Department of Education.*

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its fiscal year 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 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF

and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Accounting Practices

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

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

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

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

Financial Statements

General. The District’s 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 State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District’s June 30, 2016 Audited Financial Statements were prepared by Goodell, Porter, Sanchez & Bright, LLP, Certified Public Accountants, Sacramento, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the District, 2390 Bass Lake Road, Rescue, California 95672, telephone: (530) 677-4461. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their

representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2011-12 through 2015-16.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2011-12 through 2015-16 (Audited)⁽¹⁾
Rescue Union School District

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16
SOURCES					
Revenue Limit/LCFF Sources ⁽²⁾	\$19,992,529	\$19,700,125	\$22,669,018	\$24,089,860	\$26,230,219
Federal Revenues	1,211,431	801,775	765,828	872,410	785,171
Other State Revenues	3,520,289	3,382,352	1,766,328	2,158,009	4,351,349
Other Local Revenues	1,907,511	2,038,814	2,186,498	2,193,095	2,239,735
Total Sources	26,631,760	25,923,066	27,387,672	29,313,374	33,609,474
EXPENDITURES					
Certificated Salaries	13,184,581	13,534,019	14,350,601	14,546,170	15,713,452
Classified Salaries	4,115,886	4,178,188	4,493,343	5,024,843	5,546,176
Employee Benefits	4,661,955	5,376,882	4,794,254	5,532,914	6,283,296
Books & Supplies	1,113,683	980,342	1,328,286	1,922,966	1,541,073
Services & Other Operating Expenditures	1,975,675	2,170,471	2,337,008	2,463,772	2,416,926
Capital Outlay	403,466	51,689	196,472	1,173,140	146,267
Debt Service:					
Principal Retirement	--	--	--	--	--
Interest & Fiscal Charges	--	--	70	--	--
Other Outgo	121,998	85,499	121,109	122,154	205,679
Total Expenditures	25,577,244	26,377,090	27,621,223	30,785,959	31,852,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,054,516	(454,024)	(233,551)	(1,472,585)	1,756,605
OTHER FINANCING SOURCES (USES)					
Operating Transfers in	--	--	--	--	--
Operating Transfers out	--	--	--	--	--
Other Sources (Uses)	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	--
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Uses	1,054,516	(454,024)	(233,551)	(1,472,585)	1,756,605
Fund Balance, July 1	6,834,047	7,888,563	7,434,539	7,200,988	5,728,403
Fund Balance, June 30	\$7,888,563	\$7,434,539	\$7,200,988	\$5,728,403	\$7,485,008

(1) Totals may not foot due to rounding.

(2) LCFF commenced in fiscal year 2013-14

Source: Rescue Union School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

Budgeting - Education Code Requirements. The District is required by provisions of the California Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“**AB 1200**”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

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

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

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

Interim Certifications Regarding Ability to Meet Financial Obligations. AB 1200 imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal

year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

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

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

Copies of Budgets and Other Financial Reports. Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office, 2390 Bass Lake Road, Rescue, California 95672, telephone: (530) 677-4461. The District may impose charges for copying, mailing and handling.

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General Fund for Fiscal Year 2016-17 (Estimated Actual) and 2017-18 (Budgeted).
The following table shows a summary of the District's General Fund for Fiscal Year 2016-17 (Estimated Actual) and 2017-18 (Budgeted).

RESCUE UNION SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance
2016-17 Estimated Actual and 2017-18 Adopted Budget⁽¹⁾

Revenues	Estimated Actual 2016-17	Adopted Budget 2017-18
LCFF Sources	\$27,666,456	\$23,318,331
Federal Revenues	600,679	600,780
Other State Revenues	3,166,994	2,430,375
Other Local Revenues	2,068,678	1,233,188
Total Revenues	33,502,808	32,582,674
Expenditures		
Certificated Salaries	16,030,059	15,660,306
Classified Salaries	5,785,886	5,894,281
Employee Benefits	7,040,171	7,913,612
Books and Supplies	2,450,422	1,344,547
Services and Other Operating Expenditures	2,764,790	2,465,081
Capital Outlay	93,400	93,024
Other Outgo (Excluding Indirect Costs)	306,595	340,511
Other Outgo – Transfers of Indirect Costs	(45,899)	(49,875)
Total Expenditures	34,425,426	33,661,487
Excess of Revenues Over/(Under) Expenditures	(922,618)	(1,078,831)
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	--	--
Other Sources	--	--
Total Other Financing Sources (Uses)	--	--
Net Change in Fund Balance	(922,618)	(1,078,831)
Fund Balance, July 1	7,485,008	6,562,389
Fund Balance, June 30	\$6,562,389	\$5,483,576

⁽¹⁾ Totals may not foot due to rounding.

Source: Rescue Union School District Adopted Budget for Fiscal Year 2017-18.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements. In addition, the Board has adopted a 17 percent reserve policy, which exceeds the State requirement.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("SB 858"), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual

public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

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

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

For fiscal year 2015-16, the ending general fund balance of \$7,485,008 (audited) included reserves as follows:

**RESCUE UNION SCHOOL DISTRICT
Fiscal Year 2015-16 Reserve Balance**

Non-spendable:	\$6,075
Restricted:	861,224
Assigned:	5,662,123
Unassigned:	<u>955,586</u>
Total	\$7,485,008

Source: Rescue Union School District - Audited Financial Statement, 2015-16.

Attendance - LCFF Funding

Funding Trends per ADA. As described herein, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table below sets forth LCFF funding per ADA for the District for fiscal years 2013-14 through 2016-17 (Budgeted).

ADA AND LCFF FUNDING
Fiscal Years 2013-14 through 2017-18 (Budgeted)
Rescue Union School District

Fiscal Year	ADA	LCFF "Phase-In" Entitlement Per ADA⁽¹⁾
2013-14	3,688	\$6,108
2014-15	3,612	6,669
2015-16	3,583	7,320
2016-17	3,617	7,674
2017-18 ⁽²⁾	3,615	7,858

(1) Represents the average entitlement per ADA across grade spans.

(2) Budgeted.

Source: California Department of Education; Rescue Union School District Adopted Budget for Fiscal Year 2017-18.

Unduplicated Pupil Count under 55%. The unduplicated pupil count for purposes of funding entitlement under LCFF for the District was approximately 15 percent in fiscal year 2015-16. Percentages under 55% entitle the applicable District to supplemental funding based on the District's percentage, but not concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

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

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

Other Local Revenues. In addition to the District's share of local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Further more, the District receives local revenues from the following sources:

- **Development Impact Fees:** In connection with new residential development in the boundaries of the District, the District receives developer impact fees under development agreements to provide adequate school facilities to accommodate student growth attributable to new development. Such fees provide have historically provided approximately \$500,000 per year, and are based on one-time fees per unit of residential development.
- **Special Taxes - Communities Facilities District:** The District receives special taxes levied and collected in El Dorado School Finance Authority Community Facilities District No. 1 as a result of development occurring in the El Dorado Hills Specific Plan Area. Such fees provide annual funding of approximately \$650,000 per year for the District.

District Retirement Systems

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

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. Commencing with fiscal year ended June 30, 2016, the District has implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to their audited financial statements. See "APPENDIX B-Audited Financial Statements of the District for Fiscal Year Ending June 30, 2016."

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program.

Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

**STRS Contributions
Rescue Union School District
Fiscal Years 2013-14 through 2017-18 (Budgeted)**

Fiscal Year	Amount
2013-14	\$1,251,356
2014-15	1,308,039
2015-16	1,690,196
2016-17 ⁽¹⁾	3,208,129
2017-18 ⁽²⁾	3,683,458

(1) Estimated actual.

(2) Projected.

Source: Rescue Union School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$96.7 billion as of June 30, 2016 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("AB 1469"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

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

(1) Expressed as a percentage of covered payroll.

Source: AB 1469

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

**PERS Contributions
Rescue Union School District
Fiscal Years 2013-14 through 2017-18 (Budgeted)**

Fiscal Year	Amount
2013-14	\$481,183
2014-15	506,026
2015-16	576,424
2016-17 ⁽¹⁾	706,459
2017-18 ⁽²⁾	870,667

(1) Estimated actual.

(2) Projected.

Source: Rescue Union School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$21.8 billion as of June 30, 2016 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

Fiscal Year	Discount Rate
2017-18	7.375%
2018-19	7.250
2019-20	7.000

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

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

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

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

(1) Rates were estimated by PERS in 2016. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll.

Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Early Retirement Incentives. In addition to STRS and PERS, the District has provided several retirement incentive programs in past fiscal years. The benefits offered were established each year to meet the District’s staffing needs and financial constraints. The future estimated payments to meet the obligations for 14 former employees as determined by prior agreements will terminate in 2019 and as follows:

<u>Year Ended June 30</u>	
2017	\$100,769
2018	100,770
2019	<u>78,870</u>
Total	\$280,409

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

No Post-Employment Retirement Benefits

The District does not provide post-retirement benefits such as health care benefits to its retirees.

Long Term District Debt

General. In addition to the District’s ongoing obligations with respect to retirement plans described above, the District has outstanding general obligation bond indebtedness, as well as certificates of participation payable from the general fund. The District has never defaulted on the payment of principal or interest on any of its long-term indebtedness. See Notes 6, 7, 8, and 9 of “APPENDIX B - Audited Financial Statements of the District for Fiscal Year Ending June 30, 2016” for summaries and expected debt service requirements of the District’s long-term debt.

General Obligation Bonds. The District has outstanding general obligation bonds and refunding bonds, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District, as summarized in the following table.

**Summary of Outstanding General Obligation Bond Debt
Rescue Union School District
-to be updated-**

GO Bond Issue	Date Issued	Final Maturity	Original Issue Amount	Principal Amount Outstanding (As of August 2, 2017)
<u>1998 Election Bonds</u>				
Series 1998A	7/9/1998	2020	\$3,947,612	
Series 2005	9/22/2005	2030	14,234,889	
Series 2007	10/17/2007	2032	6,852,070	
<u>Refunding Bonds</u>				
2013 Refunding Bonds	5/29/2013	2030	7,610,000	
2016 Refunding Bonds	5/11/2016	2024	2,719,000	
Total			\$35,363,571	

2010 Certificates of Participation. On May 27, 2010, the District issued 2010 Certificates of Participation (the “**2010 Certificates**”) in the aggregate amount of \$8,000,000. The proceeds from the sale of the 2010 Certificates were used to finance the acquisition of an additional school site and to refinance the construction of a middle school by refunding the District’s outstanding 2001 Certificates of Participation. The 2010 Certificates have a final maturity date of October 1, 2040.

Capital Leases

The District has entered into various operating leases for copiers and mail equipment with lease terms in excess of one year. The District does not intend to buy-out the equipment at the end of each lease, and historically has turned in the old equipment for new. The following table shows a schedule by year of minimum future rentals on non-cancelable operating leases as of June 30, 2016.

**RESCUE UNION SCHOOL DISTRICT
Schedule of Operating Lease Payments**

<u>Year Ending June 30</u>	<u>Total Lease Payments</u>
2017	\$48,100
2018	44,532
2019	18,910
2020	15,888
2021	7,944
Total	\$135,374

Source: Rescue Union School District - Audited Financial Statement, 2015-16.

The District paid \$56,136 for related rents in 2015-2016. The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

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. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

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

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Corporation, nor the Underwriter are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal and must pass a budget bill by June 15 of each year upon majority vote, although any proposal for tax increases requires a two-thirds supermajority vote of each house.

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

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

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

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District or the Underwriter and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.
- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.
- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. There can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

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

2017-18 Adopted State Budget

On June 27, 2017, the Governor signed the 2017-18 State budget (the "**2017-18 State Budget**") into law. The 2017-18 State Budget calls for the spending of \$125.1 billion from the general fund, \$54.9 billion from special funds and \$3.3 billion from bond funds. The 2017-18 State Budget includes a funding increase of \$3.1 billion for K-14 education, an expanded tax credit for low-wage workers and puts an additional \$1.8 billion into the State's budget stabilization reserve, bringing the rainy-day fund balance to \$8.5 billion, or 66% of the constitutional target. Significant features of the 2017-18 Budget include:

- total funding of \$92.5 billion for K-12 education programs, including an increase in funding of \$1.4 billion to continue the State's transition to LCFF, bringing the formula to 97% of full implementation;
- an increase of \$877 million in one-time discretionary grants to provide school districts, charter schools and county offices of education with funds to be used for items such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards;
- an increase in \$7 million to support county offices of education, which funding requires county superintendents of schools to summarize how the county offices of education will support school districts and schools within the county;
- \$1.8 billion to pay down past budgetary borrowing and State employee pension liabilities;
- a \$6 billion supplemental payment to PERS, on top of the actuarially determined annual contribution of \$5.2 billion, through a loan from the State's Surplus Money Investment Fund, which will reduce unfunded liabilities, stabilize the State's contribution rate and save \$11 billion over the next twenty years;
- \$2.8 billion dollars for STRS, which contribution is consistent with the funding strategy of putting STRS on a sustainable path forward and eliminating its current unfunded liability in approximately 30 years;
- new appropriations of \$2.8 billion, distributed evenly between State and local transportation authorities, to implement the Road Repair and Accountability Act of 2017;
- \$84.9 million to address issues from the State's recent drought emergency, including \$41.9 million to extend the fire season and expand the State's

firefighting capabilities to reduce the fire risk from climate change, the recent drought and tree mortality; and

- an increase of \$31.5 million to repair and maintain the aging infrastructure of the State's park system.

Availability of 2017-18 Adopted State Budget

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

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

Disclaimer Regarding State Budgets. The State has not entered into any contractual commitment with the District, the County, or the Owners of the Certificates to provide State budget information to the District or the owners of the Certificates. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement or incorporated herein.

Legal Challenges to State Funding of Education

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

Ad Valorem Property Taxation

One source of local revenues for the District's General Fund is its share of the one percent general fund apportionment levy on District properties.

Taxes are levied by the County for each fiscal year on taxable real and personal property which 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 which 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 August 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10,

respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

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.

District Assessed Valuations

Generally. The assessed valuation of property in the District is established by the El Dorado County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. 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.

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

RESCUE UNION SCHOOL DISTRICT Assessed Valuations Fiscal Years 2006-07 through 2016-17

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Annual % Change</u>
2006-07	\$4,435,888,715	\$0	\$30,251,323	\$4,466,140,038	--
2007-08	4,870,588,421	0	32,054,006	4,902,642,427	9.77%
2008-09	4,969,456,582	0	35,579,444	5,005,036,026	2.09
2009-10	4,779,880,729	0	35,252,613	4,815,133,342	(3.79)
2010-11	4,472,409,042	0	33,275,298	4,505,684,340	(6.43)
2011-12	4,417,794,348	0	35,620,465	4,453,414,813	(1.16)
2012-13	4,418,232,501	0	35,869,183	4,454,101,684	0.02
2013-14	4,473,621,918	0	36,316,253	4,509,938,171	1.25
2014-15	4,758,815,227	0	36,243,091	4,795,058,318	6.32
2015-16	5,002,734,585	0	31,875,451	5,034,610,036	5.00
2016-17	5,261,701,048	0	34,537,931	5,296,238,979	5.20

Source: California Municipal Statistics, Inc.

As indicated in the above table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area,

government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

With respect to droughts specifically, the State of California has faced water shortfalls in recent years. Recent events include a declaration of drought emergency by the California State Governor on January 17, 2014 and subsequent conservation orders and regulations were imposed by the Governor and California State Water Resources Control Board. Following a series of recent storms in California bringing record-level precipitation in late 2016 and early 2017, on April 7, 2017, the Governor declared an end to the historic drought emergency with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects will continue to help address diminished groundwater supplies. Notwithstanding the improved water conditions, the District cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of taxable property within the District, or to what extent the effects the recent drought may have had on economic activity in the District.

Assessed values can also be reassessed or appealed which could impact property tax revenues within the District. These include appeals based on Proposition 8, typically because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value, or an assessment appeal challenging the base year value of an assessed property. Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, could reduce local property tax revenues available to the District and adversely affect the ability of the District to pay the Lease Payments.

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

RESCUE UNION SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2016-17

	2016-17 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office	\$ 92,837,466	1.76%	109	0.85%
Vacant Commercial	6,858,311	0.13	50	0.39
Industrial	20,052,520	0.38	42	0.33
Vacant Industrial	1,589,223	0.03	18	0.14
Recreational	4,419,724	0.08	27	0.21
Government/Social/Institutional	5,585,510	0.11	31	0.24
Subtotal Non-Residential	\$131,342,754	2.50%	277	2.17%
Residential:				
Single Family Residence	\$4,861,555,573	92.40%	11,060	86.63%
Condominium/Townhouse	93,443,953	1.78	635	4.97
Mobile Home	5,578,697	0.11	115	0.90
2-3 Residential Units	7,786,392	0.15	31	0.24
4+ Residential Units/Apartments	70,776,721	1.35	57	0.45
Vacant Residential	91,216,958	1.73	592	4.64
Subtotal Residential	\$5,130,358,294	97.50%	12,490	97.83%
Total	\$5,261,701,048	100.00%	12,767	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment— Teeter Plan

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

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county’s Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due on delinquent payments or in the interest which accrues on delinquent payments.

The Teeter Plan is to remain in effect unless the 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 Board of Supervisors has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan 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 for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2016-17.

RESCUE UNION SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2016-17

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>Percent of Total⁽¹⁾</u>
1. Toll CA X LP	Residential Development	\$ 30,988,736	0.59%
2. Lake Forest Apartments LLC	Apartments	18,950,454	0.36
3. Safeway Inc.	Supermarket	14,492,927	0.28
4. PUC EDH Lands Fund LP	Residential Development	14,117,350	0.27
5. Cameron Oaks Partners	Residential Development	10,966,040	0.21
6. Green Valley Marketplace	Commercial	10,424,239	0.20
7. Barbara E. Ashwill	Commercial	9,591,310	0.18
8. Standard Pacific Corp.	Residential Development	8,637,532	0.16
9. Sierra Oaks Apartments	Apartments	7,326,764	0.14
10. Serrano Associates LLC	Residential Development	6,870,052	0.13
11. DC Management LLC	Commercial	6,807,000	0.13
12. Celtic Properties	Commercial	6,287,000	0.12
13. ROIC California LLC	Commercial	6,098,808	0.12
Frank S. Chiou and Kathy Min	Commercial	5,698,000	0.11
14. Wong			
15. Silver Springs LLC	Rural Land	5,569,553	0.11
16. Smart Self Storage EDH CA	Mini-Warehouse	5,176,005	0.10
17. Quail Ridge Woodlands	Apartments	4,771,217	0.09
18. Bridge-Cameron Ridge LLC	Apartments	4,409,485	0.08
19. Matthew McCauley	Residential	4,000,000	0.08
20. Cambridge Self Storage Group	Mini-Warehouse	3,962,611	0.08
		\$185,145,083	3.52%

(1) 2016-17 Local secured assessed valuation: \$5,261,701,048.
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and dated July 25, 2017 with respect to debt issued by August 1, 2017. 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.

RESCUE UNION SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt (Debt Issued as of August 1, 2017)

2016-17 Assessed Valuation: \$5,296,238,979

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/17</u>
Los Rios Community College District	3.065%	\$ 9,942,247
El Dorado Union High School District	25.978	16,080,644
Rescue Union School District	100.000	22,328,228⁽¹⁾
Cameron Park Community Services District	49.760	3,624,021
El Dorado Irrigation District	26.754	251,488
El Dorado County Community Facilities District No. 1992-1	19.385	6,761,488
El Dorado County Community Facilities District No. 2001-1	73.474	18,195,836
California Statewide Community Development Authority Assessment Districts	100.000	11,723,809
El Dorado Hills Community Services District 1915 Act Bonds	99.194	223,187
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$89,130,948

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Rios Community College District Certificates of Participation	3.065%	\$ 21,455
El Dorado Union High School District Certificates of Participation	25.978	1,793,040
Rescue Union School District Certificates of Participation	100.000	7,105,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$8,919,495

COMBINED TOTAL DEBT \$98,050,443⁽²⁾

Ratios to 2016-17 Assessed Valuation:

Direct Debt (\$22,328,228)	0.42%
Combined Direct Debt (\$29,433,228)	0.56%
Total Direct and Overlapping Tax and Assessment Debt	1.68%
Combined Total Debt	1.85%

(1) Excludes the Bonds.

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

Source: California Municipal Statistics, Inc.

COUNTY INVESTMENT POOL

In accordance with Government Code Section 53600 *et seq.*, the El Dorado County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G hereto for a copy of El Dorado County's Investment Policy and recent investment report.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111, 187 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes.

Constitutionally Required Funding of Education

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

Article 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**"). 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) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the 2010 Note), and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of

reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article 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.

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

Article XIII B of the California Constitution

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

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

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

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

Article XIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIIC and XIID

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIC and XIID (respectively, "**Article XIIC**" and "**Article XIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in

accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of

taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in fiscal year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 51

At the November 8, 2016 Election, voters in the State approved the California Public School Facility Bonds Initiative, ("**Proposition 51**"). Proposition 51 authorizes the sale and

issuance of \$9 billion in general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the state. Specifically, the \$9 billion will be allocated between a State School Facilities Fund and a California Community College Capital Outlay Bond Fund. The funds can then be used to allocate bond revenue in the following manner:

- \$3 billion for construction of new K-12 school district facilities;
- Another \$3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;
- \$500 million for various charter school facilities;
- \$500 million for career technical education facilities;
- \$2 billion for California community college facility construction and modernization.

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as “**Proposition 30**”, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed 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 imposed 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 was 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 for such period 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 head of household filers and over \$500,000 but less than \$600,000 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 head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Proposition 98” and “Proposition 111” above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

California Senate Bill 222

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

Future Initiatives and Changes in Law

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 1A, 22, 26, 30 and 39 were each adopted as measures that qualified for

the ballot under the State's initiative process. From time to time other initiative measures or other legislative enactments 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.

CERTAIN RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates. The discussion does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, or the effectiveness of any remedies that the Trustee may have or circumstances under which Lease Payments may be abated.

No Pledge of Taxes

The Lease Payments and other payments due under the Lease Agreement are not secured by any pledge of taxes or other revenues of the District. The Lease Payments are secured by a District covenant to annually budget and appropriate sufficient funds to make Lease Payments from any lawfully available funds, including the general fund. In the event that the District's general fund revenues are less than its total obligations, the District may choose to pay other costs or expenses before making the Lease Payments.

The obligation of the District to pay the Lease Payments and Additional Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Corporation, the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The District is currently liable on other obligations payable from general revenues and may incur additional obligations payable from its general fund.

Additional Obligations of the District

The District has existing obligations payable from its general fund. See "DISTRICT FINANCIAL INFORMATION – Long Term District Debt - Long Term Lease Obligations." In addition, under the Lease Agreement the District is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of owners of the Certificates. To the extent that additional obligations are incurred by the District, the funds available to pay Lease Payments may be decreased.

Limited Recourse on Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement.

Notwithstanding a default under the Lease Agreement, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Corporation nor the Trustee has any right to re-enter or re-let the Leased Property except following the occurrence and during the continuation of an event of default under the Lease Agreement.

Following an event of default, the Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the District or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Property for the purpose of taking possession of all or any portion of the Leased Property and to re-let the Leased Property and, in addition, at its option, with or without such entry, to terminate the Lease Agreement as described therein. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Due to the essential governmental purposes which are served by the Leased Property, it is unlikely that a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Property.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The District will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against school districts in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

The obligation of the District under the Lease Agreement to pay Lease Payments is in consideration of the use and possession of the Leased Property.

Under certain circumstances relating to damage, destruction, condemnation or title defects with respect to the Leased Property which cause a substantial interference with the use and possession of the Leased Property, the District's obligation to make Lease Payments is subject to full or partial abatement and could result in the Trustee having inadequate funds to

pay the principal and interest with respect to the Certificates as and when due. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement.” Abatement is not a default under the Lease Agreement and does not result in the Trustee having the right to take any action to avail itself of any remedy against the District.

Property Taxes

Levy and Collection. The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District’s share of local property tax revenues, and accordingly, could have an adverse impact on the ability of the District to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District’s ability to pay principal and interest with respect to the Certificates when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.” Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The District is unable to predict if any adjustments to the full cash value base of real property within the District, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

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

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are

adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the California Constitution – Litigation Regarding 2% Limitation."

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the District's property tax revenues.

Local Housing Market. Economic downturns, as those that have been experienced in recent years on a national scale, can have a negative impact on local property values, in part due to fallout from the subprime mortgage crisis, tight credit markets and the recession. High rates of foreclosures tend to depreciate values of homes in the overall market, which could lead to more Proposition 8 appeals. Although the District's total assessed valuation is again increasing, it is not possible to predict how a future mortgage crisis, tightening credit markets, increased foreclosure activity and major reductions in home prices throughout the region could affect home values, assessed values, assessment appeals or collections of property taxes by the County.

State Budget Considerations

Most school districts in California receive a significant amount of their funding from State appropriations, as determined in each year's State budget. As a result, decreases in State revenue sources may impact the amount of funds appropriated to school districts, as has occurred in recent years. A deterioration in the State's economy due to factors such as reduced income tax revenues and sales tax revenues can negatively impact the State budget and the District's revenues, and therefore funds available to make Lease Payments. In addition, the State legislature has at times adopted legislation in connection with its annual budgets which may impact education funding, and may do so again in the future. The District cannot predict how State budgets and future legislation may impact its finances.

Absence of Earthquake and Flood Insurance

The District, like much of California, is subject to seismic activity that could result in interference with its right to use and possession of the Leased Property. The two faults likely to have the most impact on the District are the West Fresno Fault and Concord-Green Valley Fault Zone. If any portion of the Leased Property is destroyed or rendered useless by a natural hazard such as an earthquake or flood, an abatement could occur and result in the Trustee having inadequate funds to pay the principal and interest represented by the Certificates as and

when due. The Lease Agreement does not require the District to obtain earthquake or flood insurance on the Leased Property.

All building components of the Leased Property were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the District's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See "– Limited Recourse on Default" above.

LEGAL OPINION

The proceedings in connection with the authorization, sale, execution and delivery of the Certificates are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Special Counsel**"). A copy of the legal opinion, certified by the official in whose office the original is filed, will be attached to each Certificate, and a form of such opinion is attached as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Disclosure Counsel to the District ("**Disclosure Counsel**"). Kronick, Moskovitz, Tiedemann & Girard, Sacramento, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**").

The fees of Special Counsel, Disclosure Counsel, the Trustee, the Underwriter and Underwriter's Counsel are contingent upon the execution and delivery of the Certificates.

FINANCIAL ADVISOR

Isom Advisors, A Division of Urban Futures, Inc., Walnut Creek, California, is acting as the District's financial advisor in connection with the Certificates. The Financial Advisor is a registered "Municipal Advisor" with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Financial Advisor with respect to the Certificates are contingent upon their sale and delivery. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

TAX MATTERS

-Add BQ-

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of the Lease Payments designated as and comprising interest and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Certificates. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest with respect to the Certificates in gross income for federal income tax purposes to be retroactive to the date of issuance of the Certificates. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest represented by the Certificates.

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine

taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Certificates under federal individual and corporate alternative minimum taxes.

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

California Tax Status. In the further opinion of Special Counsel, the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Form of Opinion. A copy of the proposed form of opinion of Special Counsel is attached hereto as Appendix D.

Other Tax Considerations. Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Certificates may have federal or state tax consequences other than as described above. Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates other than as expressly described above.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

NO LITIGATION

There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates, the Trust Agreement, the Lease Agreement, the Site Lease, the Assignment Agreement or any other document relating to the Certificates or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the District which have arisen in the regular course of administering the affairs of the District. In the opinion of the District, such suits and claims as are presently pending will not have a material adverse effect on the ability of the District to make Lease Payments with respect to the Certificates.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("**S&P**") is anticipated to assign the Certificates a rating of "___" with the understanding that the Certificate Insurance Policy will be issued by the Certificate Insurer concurrently with the delivery of the Certificates. S&P has assigned an underlying rating of "___" to the Certificates. There is no assurance that the credit ratings given to the Certificates will be maintained for any period of time or that the ratings 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 ratings may have an adverse effect on the market price of the Certificates. Such ratings reflect only the views of S&P and an explanation of the significance of such rating may be obtained from the rating agency.

CONTINUING DISCLOSURE

The District has covenanted, for the benefit of holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board on an annual basis (an "**Annual Report**") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2018, with the report for the 2016-17 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The first Annual Report filing shall be satisfied with the filing of this Official Statement. The Annual Report and other required notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**") in the manner prescribed by the Securities Exchange Commission. The specific nature of such information is set forth below under the caption 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**").

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See information under the heading "-Long Term District Debt." [During the previous five years, specific instances of non-compliance with prior undertakings were _____. The District has taken remedial action to correct those items that required correcting. Identification of the foregoing instances does not constitute a representation that such instances are material.]

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Certificates, the District has contracted with Isom Advisors, A Division of Urban Futures, Inc., to serve as dissemination agent for the Certificates and the outstanding obligations of the District.

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

UNDERWRITING

The Certificates are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). Under a Certificate Purchase Agreement (the "**Purchase Agreement**"), the Underwriter has agreed to purchase the Certificates at a purchase price of \$_____ (which is equal to the principal amount represented by the Certificates, plus/less original issue premium/discount of \$_____, less an Underwriter's discount of \$_____). The Purchase Agreement provides that the Underwriter will purchase all of the Certificates (if any are purchased), and 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 the Certificates 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.

EXECUTION

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

RESCUE UNION SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement. This summary is not intended to be definitive and is qualified in its entirety by reference to such documents for the complete terms thereof. Copies of such documents are available upon request from the Rescue Union School District.

APPENDIX B

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

APPENDIX C

GENERAL INFORMATION ABOUT THE COUNTY OF EL DORADO

This section provides certain information about the economy and demographic trends in the County of El Dorado (the “County”). The Certificates are not a debt (or a pledge of the full faith and credit) of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.

General and Location

The County was incorporated as a general law county in 1850, with the City of Placerville as the county seat. The County was organized and has been operating as a charter county since 1994, when voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution. A five-member Board of Supervisors functions as the County’s legislative body, and each supervisor is elected by voters within his or her supervisorial district. Because much of the County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

The County’s 1,711.5 square miles encompass a portion of Lake Tahoe on the east and extend to the west within 25 miles of Sacramento. The City of Placerville is located 150 miles east of San Francisco, 44 miles east of Sacramento and 60 miles west of the City of Lake Tahoe. Federal, State or local government owns more than half of the land in the County.

Population

The historic population estimates for the County and the State as of January 1 of the calendar years 2012 through 2017 are listed below.

County of El Dorado and State of California Population Estimates

Calendar Year	El Dorado County	State of California
2012	180,952	37,881,357
2013	180,588	38,239,207
2014	181,731	38,567,459
2015	182,743	38,907,642
2016	183,750	39,255,883
2017	185,062	39,523,613

Source: California State Department of Finance

Effective Buying Income

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

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2011 through 2016.

El DORADO COUNTY Effective Buying Income 2011 through 2016

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	El Dorado County	\$4,914,270	\$52,902
	California	814,578,458	47,062
	United States	6,438,704,663	41,253
2012	El Dorado County	\$5,207,083	\$54,870
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	El Dorado County	\$4,829,780	\$52,204
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	El Dorado County	\$5,395,993	\$58,399
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	El Dorado County	\$5,353,528	\$54,408
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
201	El Dorado County	6,287,714	62,284
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

Source: The Neilson Company Inc.

Taxable Transactions

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2016 are not yet available.

Total taxable sales during the first quarter of calendar year 2016 in the County were reported to be \$488.2 million, a 7.48% increase over the total taxable sales of \$454.2 million reported during the first quarter of calendar year 2015.

EL DORADO COUNTY
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	3,849	\$1,189,421	5,589	\$1,651,689
2012	3,939	1,267,343	5,627	1,740,172
2013	4,144	1,373,546	5,783	1,877,143
2014	4,320	1,421,406	5,974	1,946,126
2015	2,343	1,481,255	6,619	2,058,534

Source: California State Board of Equalization, Taxable Sales in California.

Largest Employers

The following chart presents the major employers in the County as of July 2017.

EL DORADO COUNTY Major Employers July 2017

Employer Name	Location	Industry
Accredited Ems Fire Training	Not Available	Medical Emergency Training
Barton Memorial Hospital	South Lake Tahoe	Hospitals
Beacon Bar & Grill	South Lake Tahoe	Restaurants
Blue Shield of California	El Dorado Hills	Insurance
CEMEX	El Dorado Hills	Concrete Contractors
Child Development Programs	Placerville	Child Care Service
County of Eldorado	Placerville	County Government-General Offices
Cyber Quest-Red Hawk Casino	Placerville	Video Gamerooms
DST Output	El Dorado Hills	Business Services NEC
El Dorado Cnty Transportation	Placerville	Government Offices-County
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Government Offices-County
El Dorado Irrigation District	Placerville	Water & Sewage Companies-Utility
Heavenly Sports	South Lake Tahoe	Sporting Goods-Retail
Lake Tahoe Community College	South Lake Tahoe	Schools-Universities & Colleges Academic
Marriott-Grand Residence Tahoe	South Lake Tahoe	Hotels & Motels
Marriott-Timber Lodge	South Lake Tahoe	Convention & Meeting Facilities & Svc
Mashall Medical-Physician	Placerville	Hospitals
More	Placerville	Rehabilitation Services
Raley's	El Dorado Hills	Grocers-Retail
Raley's	Placerville	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra At Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
South Lake Tahoe City Manager	South Lake Tahoe	Government Offices-City, Village & Twp
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2017 2nd Edition.

Employment

The District is included in the Sacramento--Roseville--Arden-Arcade Metropolitan Statistical Area ("MSA"), which comprises the County and Placer, Sacramento and Yolo Counties. The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 4.1 percent in May 2017, down from a revised 4.4 percent in April 2017, and below the year-ago estimate of 4.7 percent. This compares with an unadjusted unemployment rate of 4.2 percent for the State and 4.1 percent for the nation during the same period. The unemployment rate was 4.0 percent in the County, 3.5 percent in Placer County, 4.2 percent in Sacramento County, and 4.3 percent in Yolo County.

The table below lists employment by industry group for the Sacramento--Roseville--Arden-Arcade MSA for the years 2012 through 2016.

**SACRAMENTO--ARDEN-ARCADE--ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2012 through 2016
(March 2016 Benchmark)**

	2012	2013	2014	2015	2016
Civilian Labor Force ⁽¹⁾	1,049,500	1,046,800	1,049,200	1,060,200	1,073,300
Employment	941,100	956,100	974,100	998,100	1,017,300
Unemployment	108,300	90,800	75,100	62,100	56,000
Unemployment Rate	10.3%	8.7%	7.2%	5.9%	5.2%
Wage and Salary Employment ⁽²⁾					
Agriculture	8,600	8,900	9,200	9,400	9,200
Mining and Logging	400	400	400	500	500
Construction	38,400	43,300	45,500	50,200	54,500
Manufacturing	33,900	34,100	35,400	36,400	36,200
Wholesale Trade	25,200	25,000	24,500	24,700	25,500
Retail Trade	91,800	93,800	95,300	98,000	100,600
Transportation, Warehousing and Utilities	22,000	22,900	23,600	24,600	25,900
Information	15,600	14,800	13,900	14,100	13,800
Finance and Insurance	35,700	36,300	35,500	37,000	37,500
Real Estate and Rental and Leasing	12,500	13,100	13,400	13,800	14,400
Professional and Business Services	111,100	114,600	118,200	120,200	128,600
Educational and Health Services	125,600	130,700	134,300	140,100	145,900
Leisure and Hospitality	84,500	88,700	91,800	95,400	99,800
Other Services	28,600	29,000	30,200	30,900	31,200
Federal Government	13,700	13,500	13,600	13,700	14,100
State Government	108,200	109,900	113,400	115,300	116,600
Local Government	99,600	99,200	100,800	102,900	104,600
Total, All Industries ⁽³⁾	855,400	878,200	899,000	927,200	958,900

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the County for calendar years 2012 through 2016.

EL DORADO COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	2012	2013	2014	2015	2016
Permit Valuation					
New Single-family	\$51,963.9	\$116,123.0	\$155,902.6	\$237,724.2	\$315,047.4
New Multi-family	33,132.7	4,913.4	5,605.8	0.0	0.0
Res. Alterations/Additions	49,227.5	51,096.6	44,067.1	35,275.2	35,733.0
Total Residential	<u>\$134,324.1</u>	<u>\$172,133.0</u>	<u>\$205,575.5</u>	<u>\$272,999.4</u>	<u>\$350,780.4</u>
New Commercial	\$869.6	\$63,119.4	\$5,188.8	\$39,880.2	\$17,550.6
New Industrial	0.0	340.0	244.3	0.0	167.6
New Other	0.0	14,386.6	27,389.2	28,128.8	49,335.5
Com. Alterations/Additions	818.4	19,524.6	22,756.5	17,758.5	24,003.1
Total Nonresidential	<u>\$1,688.0</u>	<u>\$97,370.6</u>	<u>\$55,578.8</u>	<u>\$85,767.5</u>	<u>\$91,056.8</u>
New Dwelling Units					
Single Family	123	293	396	574	799
Multiple Family	115	46	32	0	0
TOTAL	<u>238</u>	<u>339</u>	<u>428</u>	<u>574</u>	<u>799</u>

Source: Construction Industry Research Board, Building Permit Summary.

Tourism

Tourism has long been a major component of the County's economy. Lake Tahoe on the County's eastern edge is a world-class destination attraction with a varied offering of both winter and summer sports. Marshall State Park Gold Discovery Site, Folsom Lake, Apple Hill (a ranch marketing area) and other attractions in the western part of the County provide another range of diversity to visitors. Much of the central part of the County lies in the El Dorado and Tahoe National Forests, which provide hiking, camping, fishing, hunting and other outdoor recreation.

Transportation

Two major highways (U.S. 50 and U.S. 49) intersect the County while Interstate 5 and Interstate 80 are within 45 minutes of the City of Placerville. Commercial air service is provided to the western portion of the County by the Sacramento Metropolitan Airport, 50 miles west of the City of Placerville. More than 200 trucking firms serve the County area, with interstate, local and special hauling. The County is also served by Greyhound Bus Lines.

APPENDIX D
FORM OF LEGAL OPINION

[Letterhead of Jones Hall, A Professional Law Corporation]
-Add BQ-

_____, 2017

Board of Trustees
Rescue Union School District
2390 Bass Lake Road
Rescue, California 95672

Re: \$_____ Rescue Union School District
 2017 Certificates of Participation
 (Land Acquisition and Property Improvement Project)

Members of the Board of Trustees:

We have acted as special counsel in connection with the delivery by the Rescue Union School District (the "District") of a Lease Agreement dated as of September 1, 2017 (the "Lease Agreement"), between the Local Facilities Finance Corporation, a California nonprofit public benefit corporation (the "Corporation") as lessor and the District as lessee. Under a Trust Agreement dated as of September 1, 2017 (the "Trust Agreement"), among the District, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered 2017 Certificates of Participation (Land Acquisition and Property Improvement Project) in the aggregate principal amount of \$_____ (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the District under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee under an Assignment Agreement dated as of September 1, 2017 (the "Assignment Agreement") between the Corporation and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and the Trust Agreement, and in 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, under existing law, as follows:

1. The District is a school district duly organized and validly existing under the Constitution and laws of the State of California with the full power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made under the Assignment Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Lease Agreement and the Trust Agreement and other instruments relating to the Certificates to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest represented by the Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
2017 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
RESCUE UNION SCHOOL DISTRICT
to the Local Facilities Finance Corporation
(2017 Capital Improvement Projects)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is dated _____, 2017 and is executed and delivered by the Rescue Union School District (the “**District**”) in connection with the execution and delivery of the captioned certificate of participation (the “**Certificates**”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of September 1, 2017 (the “**Trust Agreement**”), among the District, the Local Facilities Finance Corporation and U.S. Bank National Association as trustee for the Certificates (the “**Trustee**”).

The District hereby covenants and agrees as follows:

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

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

“*Annual Report*” means any Annual Report provided by the District under and as described in Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), commencing by March 31, 2018.

“*Dissemination Agent*” means, initially, Isom Advisors, a Division of Urban Futures, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Certificates.

“*Participating Underwriter*” means Raymond James & Associates, Inc., the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*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.

“*Trustee*” means U.S. Bank National Association, or any successor thereto.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2018 with the report for the 2016-17 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. The initial Annual Report shall be deemed to be satisfied by the filing of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided.

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

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

(b) To the extent not contained in the audited financial statements filed on or before the Annual Report Date, the following information shall be included in the Annual Report:

- (i) the most recently adopted budget, or interim report showing budgeted figures, which is available at the time of filing the Annual Report;
- (ii) average daily attendance in the District on an aggregate basis for the most recently completed fiscal year;
- (iii) pension plan contributions for the most recently completed fiscal year;
- (iv) a summary of the outstanding principal amounts of short-term borrowings, lease obligations and other long-term borrowings of the District for the most recently completed fiscal year;
- (v) assessed valuation of taxable properties in the District for the most recently completed fiscal year;
- (vi) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year;
- (vii) if the District is not participating in the County's Teeter Plan, property tax collection delinquencies for the District for the most recently completed fiscal year or if not available at the time of the filing of the Annual Report for the prior fiscal year, if available from the County, and
- (viii) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of a Trustee, if material.

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

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with

respect to certain notices, determinations or other events affecting the tax status of the Lease Payments relating to the Certificates. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the District. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

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

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

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates 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 Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

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

Date: _____, 2017

RESCUE UNION SCHOOL DISTRICT

By: _____
Name:
Title:

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT

**ISOM ADVISORS, a DIVISION OF
URBAN FUTURES, INC.**

By: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Rescue Union School District (the "District")

Name of Issue: \$_____ Rescue Union School District 2017 Certificates of Participation
(2017 Capital Improvement Projects)

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates of Participation as required by the Continuing Disclosure Certificate executed by the District in connection with the execution and delivery of the Certificates captioned above. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT

By: _____
Its: _____

cc: Paying Agent and Participating Underwriter

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

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

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

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Certificates"). The Certificates 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 Certificate will be issued for each maturity of each series of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is

the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Prepayment notices will be sent to DTC. If less than all of the Certificates within an issue are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX G
EL DORADO COUNTY INVESTMENT POLICY
AND QUARTERLY REPORT

APPENDIX H
SPECIMEN CERTIFICATE INSURANCE POLICY

ITEM #: 6
DATE: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

AGENDA ITEM: Facility Funding Program Review – General Obligation Bonds

BACKGROUND:

The District regularly reviews the state of the District’s facilities and plans for future facility needs. Per the Local Control Accountability Plan Goal #6, the District will create and maintain facilities and grounds that are safe, clean and conducive to the learning process. Additionally, Board Goal #5 on Facilities and Housing states the District will build, improve and maintain school facilities to meet current and future education needs while integrating the most effective and efficient use of resources.

At previous Board Study Sessions, the Board received information from Greg Isom of Isom Advisors on the District’s Facility Funding Program and the options available to the District to fund current and future facility needs including modernization projects and the construction of permanent classrooms to replace deteriorating interim/portable classrooms.

Subsequently, Isom Advisors were engaged to survey the Rescue USD community in order to explore the feasibility of a general obligation bond on an upcoming ballot to fund the facility improvements. On June 9, 2015, the results of the survey revealed that voters in the District are sensitive to higher taxes but in general showed a moderate level of support for a general obligation bond.

STATUS:

Jon Isom, of Isom Advisors will provide the Board an updated analysis and review of the District’s debt program, discuss local voter support for a general obligation bond, and provide a timeline for moving forward with a potential general obligation bond election in 2018.

FISCAL IMPACT:

Without a comprehensive Facility Funding Program, the ability of the District to build, improve and maintain school facilities will be hindered. Therefore, the fiscal impact of these reports has significant fiscal implications for the District.

BOARD GOAL:

Board Focus Goal II – FISCAL ACCOUNTABILITY:

Keep the district fiscally solvent through prudent budget processes in order to meet the needs of our students.

Board Focus Goal V – FACILITY / HOUSING

Build, improve and maintain school facilities to meet current and future education needs while integrating the most effective and efficient use of resources.

RECOMMENDATION:

Information Item

Survey Results Presentation for Rescue Union School District

by

Isom Advisors,
a Division of Urban Futures, Inc.

June 9, 2015



Methodology

There are 20,389 registered voters in the District

Rescue Union School District

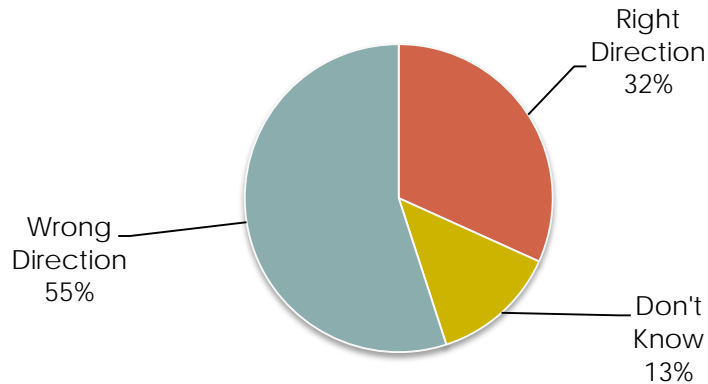
- ❖ The Rescue Union School District is currently assessing the feasibility of placing a general obligation bond measure on an upcoming ballot.
- ❖ A survey was conducted from Friday April 24th through Saturday May 2nd to assess support for the proposed bond measure.
- ❖ The survey tested voter attitudes regarding the District, projects to be funded by the proposed measure, and tax tolerances.
- ❖ 400 individual voters were contacted, which resulted in an overall margin of error of +/- 4.83%.

General Questions

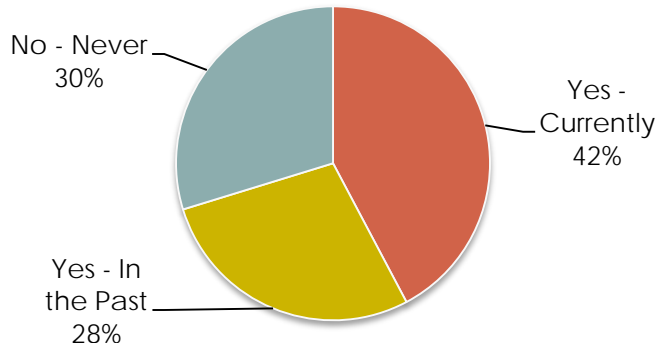
Majority of voters satisfied with the quality of education

Rescue Union School District

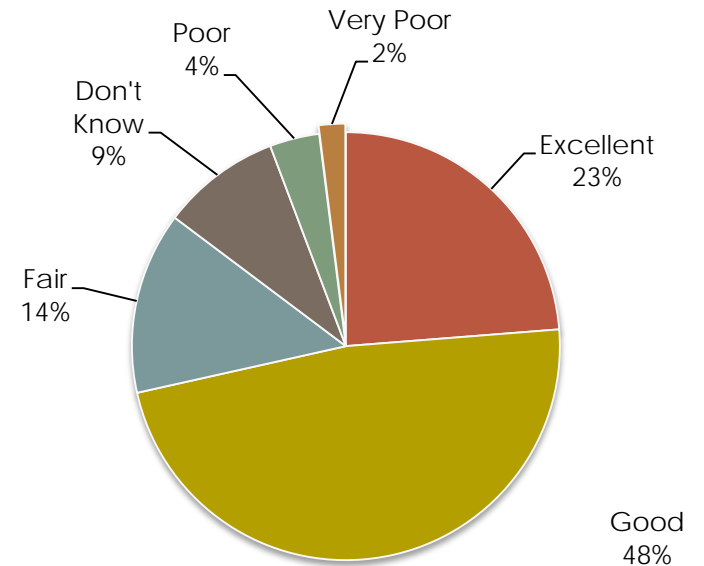
- ❖ Would you say that education in California is headed in the right direction or the wrong direction?



- ❖ Do you have any children or grandchildren who are now attending school in the Rescue Union School District?



- ❖ How would you rate the quality of education provided by the Rescue Union School District?

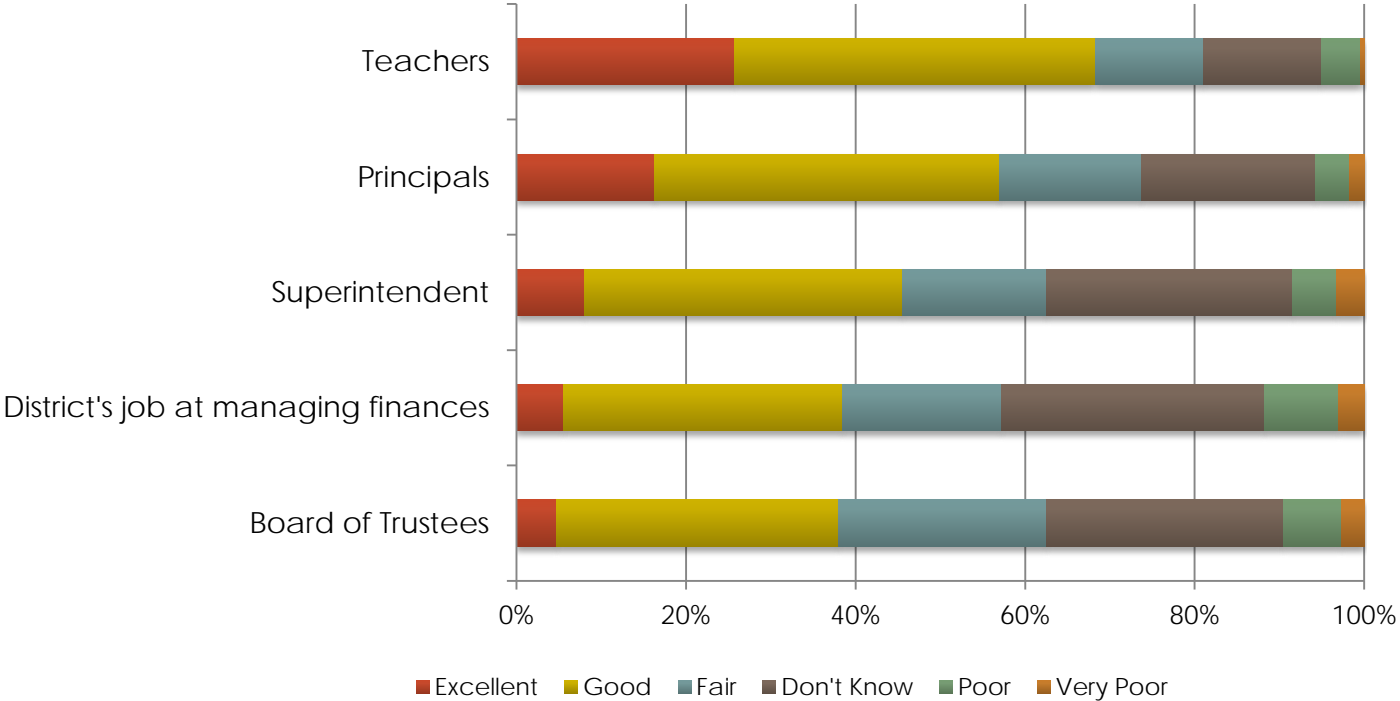


General Questions

Voters are supportive of the District

Rescue Union School District

- ❖ Now I would like to ask you several questions regarding different aspects of the Rescue Union School District. For each please tell me whether you would rate it is as Excellent, Good, Fair, Poor, or Very Poor?

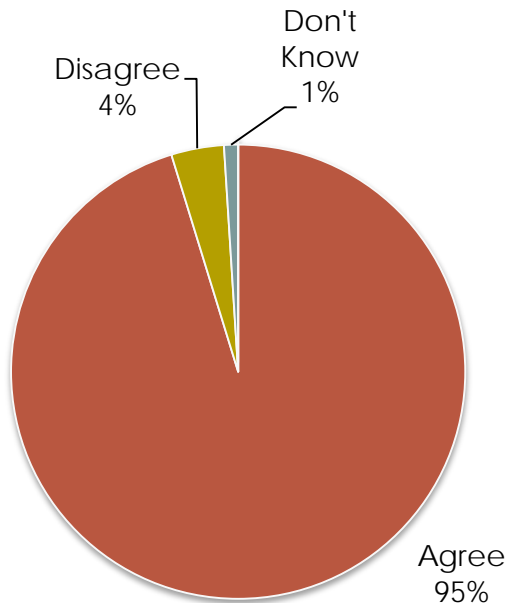


General Questions

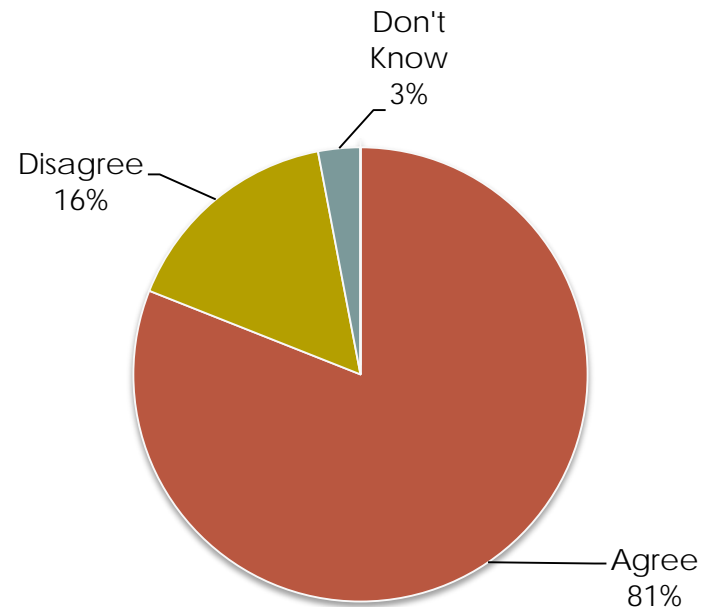
Majority of voters believe in more funding

Rescue Union School District

- ❖ Good schools improve property values?



- ❖ Because the State continues to reduce funding for facility improvements, local voters need to do more to protect the quality of facilities in their local public schools?



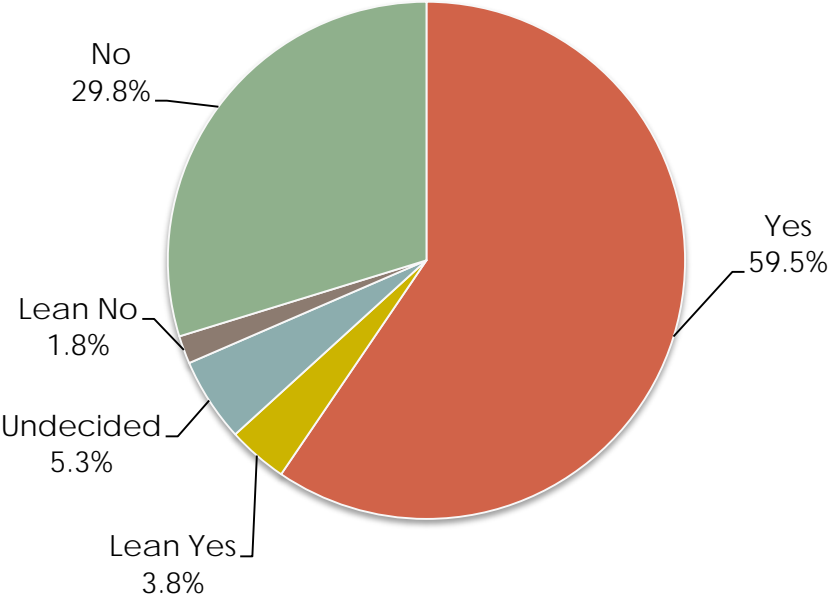
Ballot Measure

Support for measure is above the Prop. 39 55% threshold

Rescue Union School District

- ❖ At this time, the District is looking to make classroom and school facility improvements and is considering placing a school improvement bond measure before voters in your community on an upcoming ballot. If the election were held today, would you vote YES in favor of the measure or would you vote NO to oppose the measure?

“To improve the quality of education with funding that cannot be taken by the State; modernize outdated classrooms, restrooms and school facilities; construct new classrooms to accommodate student growth; make health and safety improvements; improve student access to computers and modern technology, and upgrade P.E. fields and facilities for school and community use; shall the Rescue Union School District issue \$40,000,000 of bonds at legal interest rates, have an independent citizens’ oversight committee and have NO money used for administrative salaries?”

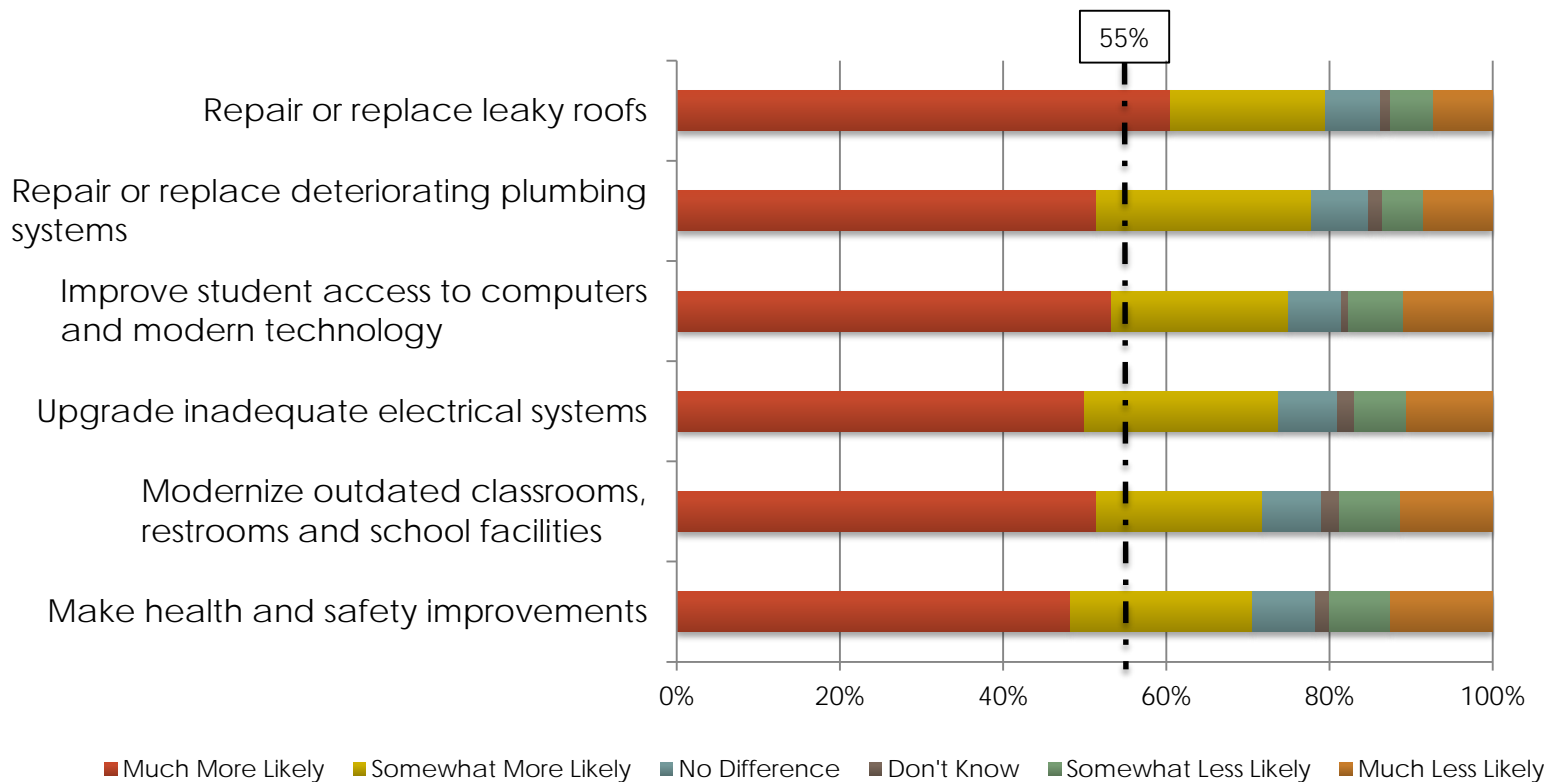


G.O. Bond Projects

All projects tested below received 70% support and above

Rescue Union School District

- ❖ For each project, please tell me whether it would make you More Likely or Less Likely to vote in favor of the measure if you knew funds would be used to:

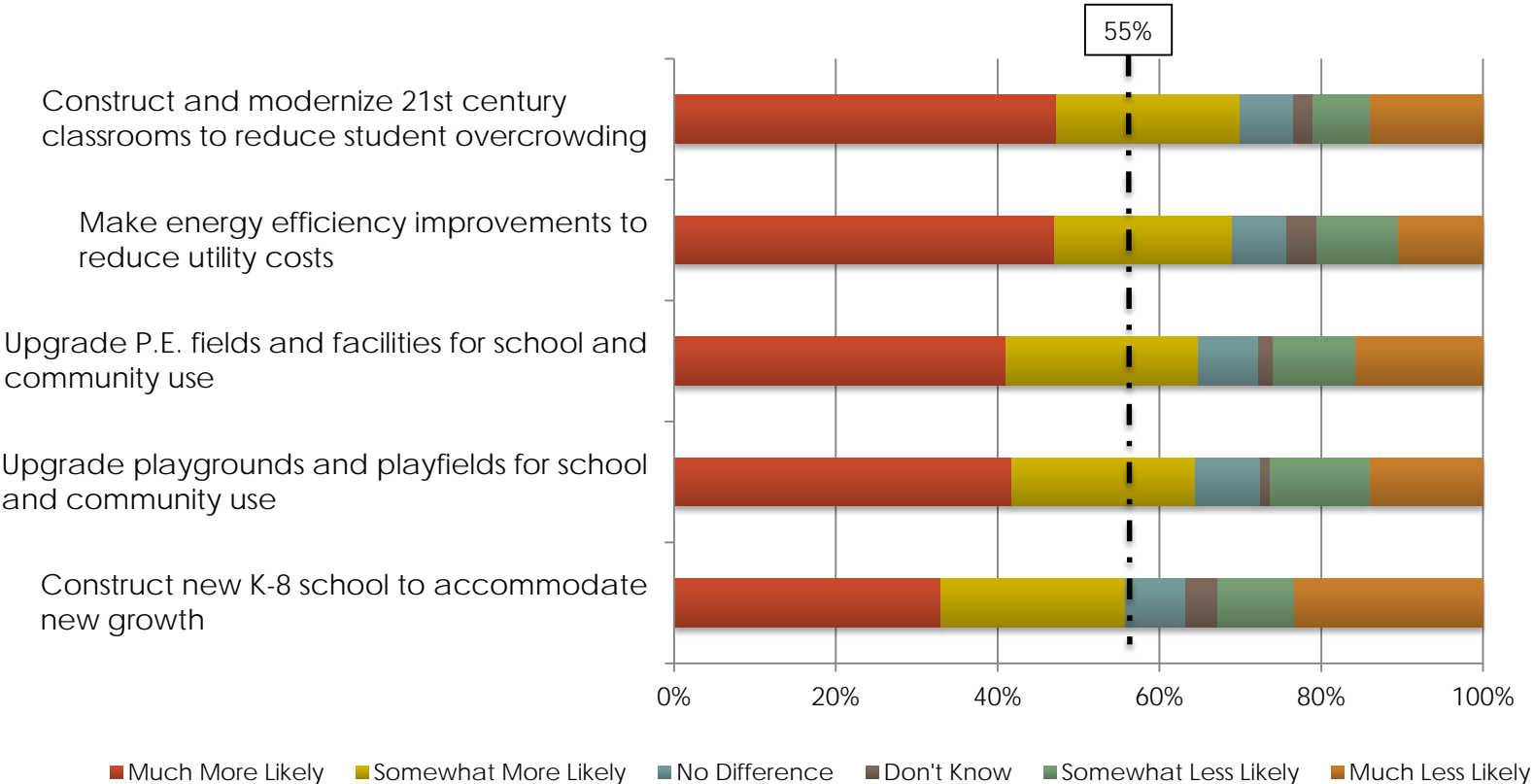


G.O. Bond Projects

All projects tested below received 55% support and above

Rescue Union School District

- ❖ For each project, please tell me whether it would make you More Likely or Less Likely to vote in favor of the measure if you knew funds would be used to:

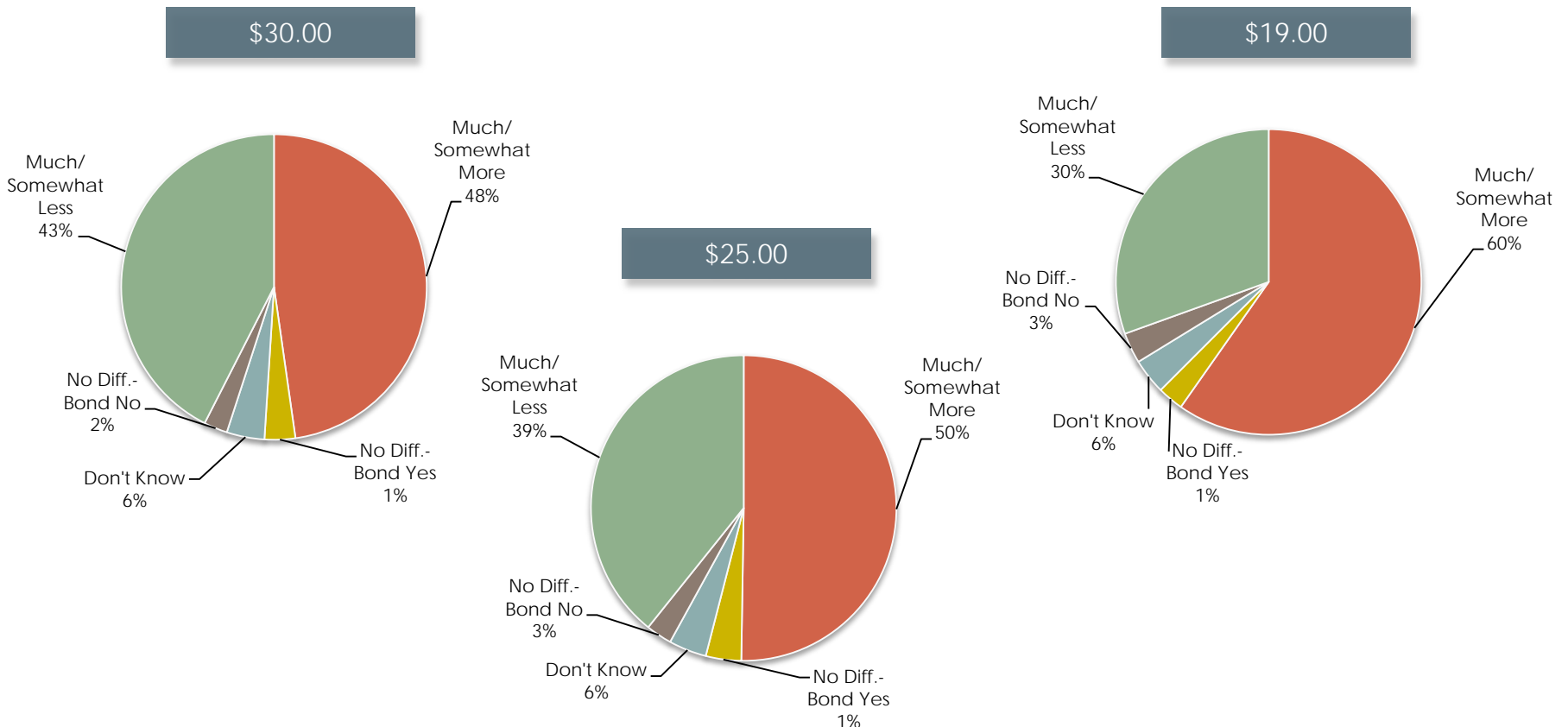


Tax Tolerances

Voters in the District are sensitive to higher tax rates

Rescue Union School District

- ❖ The proposed measure would cost property owners \$30/\$25/\$19 per \$100,000 of assessed valuation per year, would you be More or Less Likely to vote "yes" in Favor of or "no" to Oppose the measure?

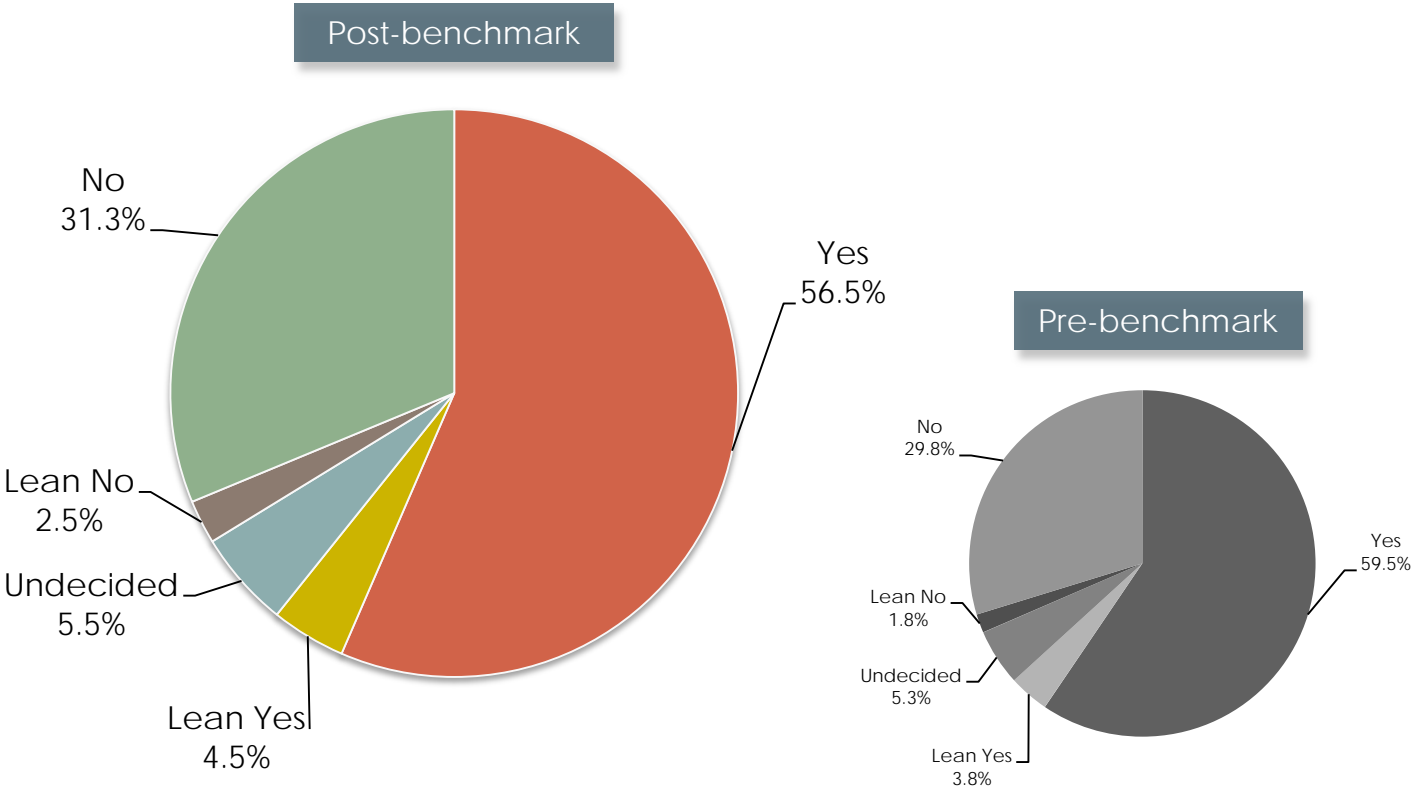


Ballot Measure

Support remains above 55% threshold after voter education

Rescue Union School District

- ❖ Now that you have heard some more information regarding the proposed measure, projects, and cost, if the election were held today, would you vote YES in favor of the measure or would you vote NO to oppose the measure?



Conclusions and Recommendations

Conclusions and Recommendations

Majority of voters believe in more funding

Rescue Union School District

- ❖ 81.0% of voters surveyed believe that local voters need to do more to protect the quality of facilities in their local public schools.
- ❖ All projects tested received 55.0% voter support or above.
- ❖ Support for a bond measure before voter education was 59.5% (3.8% Lean Yes), with 5.3% Undecided; after information, support was 56.5% (4.5% Lean Yes), with 5.5% Undecided.
- ❖ There was some tax rate sensitivity to highest tax rates tested, but voters were supportive of lower tax rates.
- ❖ Support is above the 55% voter approval threshold; We recommend the District to continue to reach out to and educate the community, and plan on placing a bond measure on the June 2016 ballot.

ITEM #: 7
Date: August 1, 2017

Rescue Union School District

AGENDA ITEM: Consideration of Readmission After Expulsion

BACKGROUND:

A student is eligible to apply for readmission after expulsion by submitting a Readmission After Expulsion Request and providing supporting evidence that the requirements for readmission has been satisfied.

STATUS:

The Board will consider the recommendation of the administration for readmission of Student 15-16A.

FISCAL IMPACT:

N/A

BOARD GOAL:

Board Focus Goal 1 – STUDENT NEEDS:

- A. Student Safety and Well Being: Enhance and encourage social, emotional, ethical and civic learning by providing a safe, supportive and diverse environment

RECOMMENDATION:

Consider readmission of student after expulsion.

ITEM #: 8
Date: August 1, 2017

Rescue Union School District

AGENDA ITEM: Consideration of Readmission After Expulsion

BACKGROUND:

A student is eligible to apply for readmission after expulsion by submitting a Readmission After Expulsion Request and providing supporting evidence that the requirements for readmission has been satisfied.

STATUS:

The Board will consider the recommendation of the administration for readmission of Student 16-17C.

FISCAL IMPACT:

N/A

BOARD GOAL:

Board Focus Goal 1 – STUDENT NEEDS:

- A. Student Safety and Well Being: Enhance and encourage social, emotional, ethical and civic learning by providing a safe, supportive and diverse environment

RECOMMENDATION:

Consider readmission of student after expulsion.

ITEM #: 9
DATE: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

AGENDA ITEM: CSBA Call for Nominations for 2017 Legislative Awards

BACKGROUND:

The California School Boards Association (CSBA) annually honors current members of the State Senate and Assembly who work actively to improve our public schools, support local school board governance and who exercise leadership in the legislative arena.

STATUS:

Local boards are encouraged to participate in this program by nominating a member of the California State Legislature, the California Congressional delegation or federal/state elective or appointed office for CSBA's 2017 Legislator Awards Program. Nominees must represent our school district. Nominations must be received by September 1, 2017. The final selection of honorees will be made in September.

FISCAL IMPACT:

N/A

BOARD GOAL:

N/A

RECOMMENDATION:

Consider nominations for CSBA's 2017 Legislative Awards.

Official Nomination Form



- Outstanding Legislator Award Outstanding Freshman Award Special Recognition Award

Nominations must be postmarked or received by **September 1, 2017**

Nominee	State or Federal Position Held
<input type="text"/>	<input type="text"/>

Explain below why this person should be honored. Your comments should address award criteria provided on the following page and include the nominee's involvement in state, federal and local public education (attachments may be used).

Nominating Entity	Contact Name
<input type="text"/>	<input type="text"/>
Telephone	Email
<input type="text"/>	<input type="text"/>
Address	
<input type="text"/>	<input type="text"/>
street	city
	state
	zipcode

Instructions: You may submit your nomination for the 2017 Legislative Awards by mail, fax, or online in the following ways:

mail to CSBA 2017 Legislative Awards Program, 3251 Beacon Blvd., West Sacramento, CA 95691.
All submissions must be postmarked by September 1, 2017.

fax to (916) 325-4030. Submissions must be received by **September 1, 2017.**

online at www.csba.org. Submissions must be made by **September 1, 2017.**

- notes**
- » Nominations postmarked after September 1, 2017 cannot be considered.
 - » Nomination forms are to be submitted by a local school board or county board of education only and must be typed or printed.
 - » A resolution adopted by the board or board minutes showing the vote must be included (see criteria on reverse).
 - » A separate nomination form must be used for each candidate and only current year nominations are accepted.
 - » **The CSBA Board of Directors makes the final decision on awards, including whether or not to make an award, depending on the Nominee's (or Legislature's) statements made or actions taken on the state budget or other key issues critical to CSBA. Because the outcome of each nomination is unknown until the Board of Directors announces a decision, it is recommended that each nomination(s) not be made public until official notification by CSBA.**

2017 Legislative Awards Program

Award Criteria



CSBA 2017 Legislative Awards Program, 3251 Beacon Blvd., West Sacramento, CA 95691, (800) 266-3382

Each Outstanding Legislator award nominee must:

1. Be a member of the California State Legislature or the California Congressional delegation at the time of nomination
2. Demonstrate significant commitment and legislative contributions to public education
3. Demonstrate legislative leadership on behalf of public education
4. Recognize and support local governance for schools including the role of governing boards
5. Support key K–12 legislative proposals
6. Support CSBA's Legislative Platform (www.csba.org/Advocacy/CSBAPositions/PolicyPlatform)
7. Be active on local school issues and visit K–12 schools regularly
8. Represent nominating school district or county board of education
9. Be endorsed by a documented vote or resolution of a local school or county board in California

Each Outstanding Freshman Legislator award nominee must:

1. Be the first two years of his/her first term in the California State Legislature or the California Congressional delegation at the time of nomination
2. Demonstrate significant commitment and legislative contributions to public education
3. Demonstrate legislative leadership on behalf of public education
4. Recognize and support local governance for schools including the role of governing boards
5. Support key K–12 legislative proposals
6. Support CSBA's Legislative Platform (www.csba.org/Advocacy/CSBAPositions/PolicyPlatform)
7. Be active on local school issues and visit K–12 schools regularly
8. Represent nominating school district or county board of education
9. Be endorsed by a documented vote or resolution of a local school or county board in California

Each Special Recognition award nominee must:

1. Be a member of the California State Legislature or the California Congressional delegation at the time of nomination
2. Exhibit significant contribution to a legislative action on behalf of K-12 education and the public schools in his/her legislative or congressional district
3. Demonstrate commitment to and legislative contributions to public education
4. Recognize and support local governance for schools including the role of governing boards
5. Support CSBA's Legislative Platform (www.csba.org/Advocacy/CSBAPositions/PolicyPlatform)
6. Be active on local school issues and visit K–12 schools regularly
7. Represent nominating school district or county board of education
8. Be endorsed by a documented vote or resolution of a local school or county board in California

Note

The CSBA Board of Directors makes the final decision on awards, including whether or not to make an award, depending on the Nominee's (or Legislature's) statements made or actions taken on the state budget or other key issues critical to CSBA. Because the outcome of each nomination is unknown until the Board of Directors announces a decision, it is recommended that each nomination(s) not be made public until official notification by CSBA.

Official Open Nomination Form

Albert S. Rodda Lifetime Achievement Award Dede Alpert Award for Exemplary Education Leadership

Nominations may be submitted at any time of the year.

Nominee

State or Federal Position Held

Explain below why this person should be honored. Your comments should address award criteria provided on the following page and include the nominee's involvement in both state, federal and local public education (attachments may be used).

Nominating Entity

Contact Name

Telephone

Email

Address

street

city

state

zipcode

Instructions: You may submit your nomination for the 2017 Legislative Awards by mail, fax, or online in the following ways:

mail to

CSBA 2017 Legislative Awards Program, 3251 Beacon Blvd., West Sacramento, CA 95691.

fax to

(916) 325-4030. Open Submissions

online at

www.csba.org. Open Submissions

notes

- » Nomination forms are to be submitted by CSBA Member Boards, CSBA Regions, County Associations of School Trustees, and must be typed or printed.
- » A resolution adopted by the board or board minutes showing the vote must be included (see criteria on reverse).
- » A separate nomination form must be used for each candidate and only current year nominations are accepted.
- » **The CSBA Board of Directors makes the final decision on awards, including whether or not to make an award, depending on the Nominee's (or Legislature's) statements made or actions taken on the state budget or other key issues critical to CSBA. Because the outcome of each nomination is unknown until the Board of Directors announces a decision, it is recommended that each nomination(s) not be made public until official notification by CSBA.**

2017 Legislative Awards Program

Award Criteria



CSBA 2017 Legislative Awards Program, 3251 Beacon Blvd., West Sacramento, CA 95691, (800) 266-3382

Each Albert S. Rodda Lifetime Achievement Award nominee must:

1. Be a current or former member of the California State Legislature or the California Congressional delegation, or state or federal **elective or appointed office**
2. Demonstrate a career-long significant commitment and contribution to public education
3. Demonstrate leadership on behalf of public education
4. Recognize and support local governance for schools including the role of governing boards
5. Support key K–12 legislative policy and fiscal proposals
6. Support CSBA's Legislative Platform (www.csba.org/Advocacy/CSBAPositions/PolicyPlatform)
7. Be endorsed by a documented vote or resolution of a local school or county board in California

Each Dede Alpert Award for Exemplary Education Leadership nominee must:

1. Be a current or former member of the California State Legislature or the California Congressional delegation, or state or federal elective or appointed office
2. Demonstrate a career-long significant commitment and contribution to public education
3. Demonstrate leadership on behalf of public education
4. Recognize and support local governance for schools including the role of governing boards
5. Support key K–12 legislative policy and fiscal proposals
6. Support CSBA's Legislative Platform (www.csba.org/Advocacy/CSBAPositions/PolicyPlatform)
7. Be endorsed by a documented vote or resolution of a local school or county board in California, or a CSBA Region or County Association of School Trustees

Note

The CSBA Board of Directors makes the final decision on awards, including whether or not to make an award, depending on the Nominee's (or Legislature's) statements made or actions taken on the state budget or other key issues critical to CSBA. Because the outcome of each nomination is unknown until the Board of Directors announces a decision, it is recommended that each nomination(s) not be made public until official notification by CSBA.

RESCUE UNION SCHOOL DISTRICT

AGENDA ITEM: Board Policy – Update/Revision

BACKGROUND:

Periodically the Board reviews, revises and/or adopts Board Policy. We currently have contracted with CSBA to put all our policies on Gamut On-Line. We use the CSBA policy update service for identification of policy changes necessitated by changes in law.

STATUS:

Policies identified for review and/or changes are submitted to the Board for possible consideration of approval. A table providing a listing of revised policies and summary of changes is included.

FISCAL IMPACT:

N/A

BOARD GOAL:

Board Focus Goal III – COMMUNICATION/COMMUNITY INVOLEMENT

Establish and maintain consistent and effective communication that is transparent and timely in an effort to provide and receive information that will engage and educate our District and community.

RECOMMENDATION:

District Administration recommends the Board of Trustees receive board policies for first reading and possible consideration for action.

RUSD Board Policy, Administrative Regulations and Board Bylaws
August 1, 2017

POLICY	TITLE	REQUIREMENT
<i>First Reading</i>		
BP 0460	Local Control and Accountability Plan <i>REVISE</i>	Policy updated to reflect NEW LAW (Proposition 58, 2016) which requires the local control and accountability plan (LCAP) development process to include solicitation of parent/guardian and community input on effective and appropriate instructional methods, including language acquisition programs. Policy also reflects the State Board of Education's (SBE) adoption of evaluation rubrics (the "California School Dashboard") that will assist districts in evaluating progress toward their LCAP goals. 3.17
BP 1340	Access to District Records <i>BP REVISED</i>	Policy updated to reflect NEW COURT DECISION (<u>City of San Jose v. Superior Court</u>) which held that using a personal account or device to send or receive communications regarding public business does not categorically exclude those records from disclosure in response to a request under the California Public Records Act and that public agencies are obliged to disclose applicable records that they can locate with reasonable effort. 5.17
AR 3580	District Records <i>REVISE</i>	Regulation updated to revise material related to the retention of electronic records, including records pertaining to district business that are created, saved, sent, or received on an employee's or board member's personal device, to reflect NEW COURT DECISION (<u>City of San Jose v. Superior Court</u>) which held that such records may be accessible to the public in accordance with the California Public Records Act. 5.17
AR 4112.22	Staff Teaching English Learners <i>REVISE</i>	Regulation updated to revise definition of "English learner" pursuant to Proposition 58 (2016). Regulation also deletes material regarding the Certificate of Staff Development issued by the Commission on Teacher Credentialing and provides a general paragraph applicable to multiple types of authorizations to teach English learners. Title of regulation updated to reflect current terminology. 3.17
E 4112.9 4212.9 4312.9	Employee Notifications <i>REVISE</i>	Exhibit updated to add notice seeking volunteers to administer opioid antagonist pursuant to NEW LAW (AB 1748, 2016), delete notice seeking volunteers to administer anti-seizure medication as the requirement self-repealed on January 1, 2017, add notice informing new employees of their right to purchase Public Employment Retirement Service credit for certain active military service, and update legal citations. 3.17

RUSD Board Policy, Administrative Regulations and Board Bylaws
August 1, 2017

POLICY	TITLE	REQUIREMENT
BP/AR 4127 4227 4327	Temporary Athletic Team Coaches <i>REVISE</i>	Policy and regulation updated to reflect NEW LAW (AB 1639, 2016) which requires coaches, beginning July 1, 2017, to complete a training course related to the nature and warning signs of sudden cardiac arrest and to retake such a course every two years thereafter. Policy also allows a coach to submit either the Activity Supervisor Clearance Certificate or the Department of Justice and Federal Bureau of Investigation criminal background check. Material regarding certification of coaches' qualifications to the board and the State Board of Education moved from AR to BP.
BP/AR/E 6174	Education for English Learners <i>BP/AR REVISED</i> <i>E DELETED</i>	Policy and regulation substantially revised to reflect NEW LAW (Proposition 58) which authorizes parents/guardians to select a language acquisition program that best suits their child and eliminates the requirement for parents/guardians to request a waiver from the district if they want to enroll their child in a program other than a structured English immersion program. Policy reflects provisions of Proposition 58 that require districts to (1) offer, at a minimum, a structured English immersion program; (2) seek parent/guardian and community input on language acquisition programs during development of the district's LCAP; and (3) to the extent possible, offer a language acquisition program requested by parents/guardians of 30 or more students at a school or 20 or more students in any grade level at the school. Policy and regulation also reflect revisions in Title III English learner programs, including renumbering of accountability requirements and changes in the required parental notification, pursuant to the Every Student Succeeds Act. Title of policy and regulation updated to reflect current terminology. Exhibit deleted as districts no longer need a sample form for the parental exception waiver. 3.17
BB 9012	Board Member Electronic Communications <i>REVISE</i>	Bylaw updated to reflect NEW COURT DECISION (<u>City of San Jose v. Superior Court</u>) which held that using a personal account or device to send or receive communications regarding public business does not categorically exclude those records from disclosure in response to a request under the California Public Records Act and that public agencies are obliged to disclose applicable records that they can locate with reasonable effort. 5.17

Rescue Union ESD

Board Policy

Local Control And Accountability Plan

BP 0460

Philosophy, Goals, Objectives and Comprehensive Plans

Note: The following policy is **optional**. Education Code 52060-52077 require the Governing Board to adopt and annually update, on or before July 1, a local control and accountability plan (LCAP). Pursuant to Education Code 52060, the LCAP must include goals and actions aligned with eight state priorities related to (1) the degree to which teachers are appropriately assigned and fully credentialed, students have sufficient access to standards-based instructional materials, and facilities are maintained in good repair; (2) implementation of and student access to state academic content and performance standards; (3) parent/guardian involvement; (4) student achievement; (5) student engagement; (6) school climate; (7) student access to and enrollment in a broad course of study, including programs and services provided to benefit low-income students, English learners, and/or foster youth (i.e., "unduplicated students" for purposes of the local control funding formula); and (8) student outcomes in the specified course of study. Education Code 52060 provides that, in addition to addressing the state priorities in the LCAP, the district may establish and address local priorities. Examples include priorities for student wellness and other conditions of children, professional development, community involvement, and effective governance and leadership. See the accompanying administrative regulation for further information about the required content of the LCAP.

The LCAP is a key component of the state accountability system. Pursuant to Education Code 52064.5, the State Board of Education (SBE) has adopted evaluation rubrics (called the "California School Dashboard") which will assist districts in evaluating their progress toward the goals in their LCAP. Under the flexibility provided by the federal Every Student Succeeds Act (ESSA) (P.L. 114-95), California has begun to streamline local, state, and federal requirements into a single, coherent system for planning, accountability, and school improvement and support.

The Governing Board desires to ensure the most effective use of available funding to improve outcomes for all students. A community-based, comprehensive, data-driven planning process shall be used to identify annual goals and specific actions and to facilitate continuous improvement of district practices.

(cf. 0000 - Vision)

(cf. 0200 - Goals for the School District)

Note: A template for the LCAP and related requirements are contained in 5 CCR 15494-15497.5. According to California Department of Education (CDE) correspondence dated January 18, 2017, for the 2017-18 school year, districts scheduled for Federal Program Monitoring and/or applying for Title III funds must also complete an LCAP Addendum that was developed by the CDE to ensure alignment of local, state, and federal planning efforts. Districts may use an electronic template, accessible on the CDE's web site, to create their LCAP.

The Board shall adopt a districtwide local control and accountability plan (LCAP), following the template provided in 5 CCR 15497.5, that addresses the state priorities in Education Code 52060 and any local priorities adopted by the Board. The LCAP shall be updated on or before July 1 of each year and, like the district budget, shall cover the next fiscal year and subsequent two fiscal years. (Education Code 52060; 5 CCR 15497.5)

(cf. 3100 - Budget)

The LCAP shall focus on improving outcomes for all students, particularly those who are "unduplicated students" and other underperforming students.

Unduplicated students include students who are eligible for free or reduced-price meals,

English learners, and foster youth and are counted only once for purposes of the local control funding formula. (Education Code 42238.02)

(cf. 3553 - Free and Reduced Price Meals)

(cf. 6173.1 - Education for Foster Youth)

(cf. 6174 - Education for English Language Learners)

Note: Education Code 52062 requires the district to ensure that the specific actions included in the LCAP are consistent with strategies in the single plan for student achievement (SPSA) submitted by each school pursuant to Education Code 64001; see BP/AR 0420 - School Plans/Site Councils for SPSA requirements. In addition, the LCAP template in 5 CCR 15497.5 allows for the LCAP to be supplemented with information contained in other plans, including the Title I local educational agency plan required by 20 USC 6312 (see BP/AR 6171 - Title I Programs).

The Superintendent or designee shall review the single plan for student achievement (SPSA) submitted by each district school pursuant to Education Code 64001 to ensure that the specific actions included in the LCAP are consistent with strategies included in the SPSA. (Education Code 52062)

(cf. 0420 - School Plans/Site Councils)

The LCAP shall also be aligned with other district and school plans to the extent possible in order to minimize duplication of effort and provide clear direction for program implementation.

(cf. 0400 - Comprehensive Plans)

(cf. 0440 - District Technology Plan)

(cf. 0450 - Comprehensive Safety Plan)

(cf. 5030 - Student Wellness)

(cf. 6171 - Title I Programs)

(cf. 7110 - Facilities Master Plan)

Any complaint that the district has not complied with legal requirements pertaining to the LCAP may be filed pursuant to AR 1312.3 - Uniform Complaint Procedures. (Education Code 52075)

(cf. 1312.3 - Uniform Complaint Procedures)

Plan Development

The Superintendent or designee shall gather data and information needed for effective and meaningful plan development and present it to the Board and community. Such data and information shall include, but not be limited to, data regarding the ~~numbers~~ of students in ~~various~~ student subgroups, disaggregated data on student achievement levels, and information about current programs and expenditures.

Note: Education Code 52060 requires consultation on plan development with all of the groups listed below. The Board may delegate responsibility for arranging meetings and other input opportunities to the Superintendent or designee.

5 CCR 15495 defines what it means to consult with students, including unduplicated students and other numerically significant student subgroups, and gives examples of methods that may be used for this consultation. Pursuant to Education Code 52052, a numerically significant subgroup includes ethnic subgroups, students with disabilities, socioeconomically disadvantaged students, English learners, foster youth, and homeless students, when there are at least 30 students in the subgroup (or 15 foster youth or homeless students) in the school or district. For schools or districts with 11-99 students, numerically significant student subgroups are defined by the Superintendent of Public Instruction (SPI) with approval of the SBE.

State regulations do not provide examples of consultation with groups other than students, but consultations might include the establishment of an advisory committee consisting of representatives of all the specified groups, solicitation of feedback from the groups after a draft plan is available, discussion of the LCAP at staff meetings, and communication with parent organizations, student councils, school site councils, or other established committees or organizations.

The district may expand the following paragraph to reflect district practice.

The Board shall consult with teachers, principals, administrators, other school personnel, employee bargaining units, parents/guardians, and students in developing the LCAP. Consultation with students shall enable unduplicated students and other numerically significant student subgroups to review and comment on LCAP development and may include surveys of students, student forums, student advisory committees, and/or meetings with student government bodies or other groups representing students. (Education Code 52060; 5 CCR 15495)

(cf. 1220 - Citizen Advisory Committees)

(cf. 4140/4240/4340 - Bargaining Units)

(cf. 6020 - Parent Involvement)

Public Review and Input

Note: Pursuant to Education Code 52063 and 5 CCR 15495, ~~as amended by Register 2015, No. 2,~~ the Board is required to establish a parent advisory committee that is composed of a majority of parents/guardians and includes at least one parent/guardian of an unduplicated student. In addition, if

Note: Pursuant to Education Code 52063 and 5 CCR 15495, the Board is required to establish a parent advisory committee that is composed of a majority of parents/guardians and includes at least one parent/guardian of an unduplicated student. In addition, if district enrollment includes at least 15 percent English learners, with at least 50 students who are English learners, the Board is required to establish an English learner parent advisory committee which, pursuant to 5 CCR 15495 as amended, must include a majority of parents/guardians of English learners. The district may use existing parent advisory committees for these purposes if the committee composition complies with Education Code 52063 and 5 CCR 15495. However, the district should consider whether such opportunities need to be expanded to achieve significant levels of stakeholder involvement in the planning process as intended by the law.

The Board shall establish a parent advisory committee to review and comment on the LCAP. The committee shall be composed of a majority of parents/guardians and shall include at least one parent/guardian of an unduplicated student as defined above. (Education Code 52063; 5 CCR 15495)

Whenever district enrollment includes at least 15 percent English learners, with at least 50 students who are English learners, the Board shall establish an English learner parent advisory committee composed of a majority of parents/guardians of English learners. (Education Code 52063; 5 CCR 15495)

The Superintendent or designee shall present the LCAP to the committee(s) before it is submitted to the Board for adoption, and shall respond in writing to comments received from the committee(s). (Education Code 52062)

Note: Education Code 52062 requires notification to the public of the opportunity to submit written comments on the proposed LCAP, including notification in the primary language of parents/guardians when required by Education Code 48985. Pursuant to Education Code 48985, whenever 15 percent or more of the students in a school speak a single primary language other than English, notifications sent to parents/guardians of such students must be written in the primary language as well as in English; see BP 5145.6 - Parental Notifications.

The Superintendent or designee shall notify members of the public of the opportunity to submit written comments regarding the specific actions and expenditures proposed to be included in the LCAP. The notification shall be provided using the most efficient method of notification possible, which may not necessarily include producing printed notices or sending notices by mail. All written notifications related to the LCAP shall be provided in the primary language of parents/guardians when required by Education Code 48985. (Education Code 52062)

(cf. 5145.6 - Parental Notifications)

Note: Pursuant to Education Code 305, as amended by Proposition 58 (November 2016) and effective July 1, 2017, the LCAP parent and community engagement process must include solicitation of input as described in the following paragraph. Also see BP/AR 6174 - Education for English Language Learners for further information regarding the types of language acquisition programs that may be offered to students.

As part of the parent and community engagement process, the district shall solicit input on effective and appropriate instructional methods, including, but not limited to, establishing language acquisition programs to enable all students, including English learners and native English speakers, to have access to the core academic content standards and to become proficient in English. (Education Code 305-306)

Note: Pursuant to Education Code 42127, the Board cannot adopt a district budget until the LCAP is in place for the budget year; see BP 3100 - Budget. The budget must include the expenditures necessary to implement the plan that will be effective during the subsequent fiscal year. If it does not, the County Superintendent of Schools will disapprove the district's budget.

The Board shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the LCAP. The public hearing shall be held at the same meeting as the budget hearing required pursuant to Education Code 42127 and AR 3100 - Budget. (Education Code 42127, 52062)

(cf. 9320 - Meetings and Notices)

Adoption of the Plan

The Board shall adopt the LCAP prior to adopting the district budget, but at the same public meeting. This meeting shall be held after the public hearing described above, but not on the same day as the hearing.

The Board may adopt revisions to the LCAP at any time during the period in which the plan is in effect, provided the Board follows the process to adopt the LCAP pursuant to Education Code 52062 and the revisions are adopted in a public meeting. (Education Code 52062)

Submission of Plan to County Superintendent of Schools

Note: Education Code 52070 requires the district to submit the LCAP to the County Superintendent. The County Superintendent may seek written clarification of the contents of the plan and may submit recommendations for amendments as provided below. He/she is required to approve the LCAP on or before October 8 if he/she determines that (1) the LCAP adheres to the template in 5 CCR 15497.5; (2) the district budget includes expenditures sufficient to implement the specific actions in the LCAP; and (3) the LCAP adheres to supplemental and concentration grant expenditure requirements specified in Education Code 42238.07 for unduplicated students. In determining whether the district has fully demonstrated that it will use supplemental and concentration funds to increase or improve services for unduplicated students, 5 CCR 15497 requires the County Superintendent to review any descriptions of districtwide or schoolwide services provided.

Not later than five days after adoption of the LCAP, the Board shall file the LCAP with the County Superintendent of Schools. (Education Code 52070)

If the County Superintendent sends, by August 15, a written request for clarification of the contents of the LCAP, the Board shall respond in writing within 15 days of the request. If the County Superintendent then submits recommendations for amendments to the LCAP within 15 days of receiving the Board's response, the Board shall consider those recommendations in a public meeting within 15 days of receiving the recommendations. (Education Code 52070)

Monitoring Progress

Note: The following optional paragraph may be revised to reflect the district's timeline for reviewing evaluations of the progress and effectiveness of strategies included in the LCAP. Such reports should be provided to the Board in sufficient time to allow for any necessary changes in the annual update to the LCAP by July 1 of each year, as required by Education Code 52060-52061. The California School Dashboard provides a tool to assist in evaluation of district and school performance and includes all of the state priorities for the LCAP described in Education Code 52060.

The Superintendent or designee shall report to the Board, at least annually in accordance with the timeline and indicators established by him/her and the Board, regarding the district's progress toward attaining each goal identified in the LCAP. Evaluation shall include, but not be limited to, an assessment of district and school performance based on evaluation rubrics adopted by the State Board of Education pursuant to Education Code 52064.5. Evaluation data shall be used to recommend any necessary revisions to the LCAP.

(cf. 0500 - Accountability)

Technical Assistance/Intervention

Note: Pursuant to Education Code 52071, the Board may, at its discretion and at the district's expense, request technical assistance as described in items #1-3 below. In addition, the County Superintendent is required to provide such technical assistance whenever he/she does not approve the district's LCAP and/or the district fails to improve student achievement across more than one state priority described in Education Code 52060, as determined using the SBE evaluation rubric.

When it is in the best interest of the district, the Board may submit a request to the County Superintendent for technical assistance, including, but not limited to: (Education Code 52071)

1. Assistance in the identification of district strengths and weaknesses in regard to state priorities and review of effective, evidence-based programs that apply to the district's goals
2. Assistance from an academic expert, team of academic experts, or another district in the county in identifying and implementing effective programs to improve the outcomes for student subgroups
3. Advice and assistance from the California Collaborative for Educational Excellence established pursuant to Education Code 52074

In the event that the County Superintendent requires the district to receive technical assistance pursuant to Education Code 52071, the Board shall review all recommendations received from the County Superintendent or other advisor and shall consider revisions to the LCAP as appropriate in accordance with the process specified in Education Code 52062.

Note: Education Code 52072 provides that the SPI, with approval of the SBE, may intervene when a district meets both of the following criteria: (1) the district did not improve the outcomes for three or more student subgroups identified pursuant to Education Code 52052, or all of the student subgroups if the district has fewer than three subgroups, in regard to more than one state or local priority in three out of four consecutive school years; and (2) the California Collaborative for Educational Excellence (CCEE) has provided advice and assistance to the district and submits a finding that the district failed or is unable to implement the CCEE's recommendations or that the district's inadequate performance is so persistent or acute as to require intervention. For any district identified as needing intervention, the SPI or an academic trustee appointed by the SPI may, with approval of the SBE, take one or more of the actions listed in items #1-3 below.

If the Superintendent of Public Instruction (SPI) identifies the district as needing intervention pursuant to Education Code 52072, the district shall cooperate with any action taken by the SPI or any academic advisor appointed by the SPI, which may include one or more of the following:

1. Revision of the district's LCAP
2. Revision of the district's budget in accordance with changes in the LCAP

3. A determination to stay or rescind any district action that would prevent the district from improving outcomes for all student subgroups, provided that action is not required by a collective bargaining agreement

Legal Reference:

EDUCATION CODE

305-306 English language education

17002 State School Building Lease-Purchase Law, including definition of good repair

33430-33436 Learning Communities for School Success Program; grants for LCAP implementation

41020 Audits

42127 Public hearing on budget adoption

42238.01-42238.07 Local control funding formula

44258.9 County superintendent review of teacher assignment

48985 Parental notices in languages other than English

51210 Course of study for grades 1-6

51220 Course of study for grades 7-12

52052 Academic Performance Index; numerically significant student subgroups

52060-52077 Local control and accountability plan

52302 Regional occupational centers and programs

52372.5 Linked learning pilot program

54692 Partnership academies

60119 Sufficiency of textbooks and instructional materials; hearing and resolution

60605.8 California Assessment of Academic Achievement; Academic Content Standards Commission

60811.3 Assessment of language development

64001 Single plan for student achievement

99300-99301 Early Assessment Program

CODE OF REGULATIONS, TITLE 5

15494-15497.5 Local control and accountability plan and spending requirements

UNITED STATES CODE, TITLE 20

6312 Local educational agency plan

6826 Title III funds, local plans

Management Resources:

CSBA PUBLICATIONS

~~Promising Practices for Developing and Implementing LCAPs Impact of Local Control Funding Formula on Board Policies, November 2013~~

~~Local Control Funding Formula 2013, Governance Brief, November 2016 August 2013~~

~~LCFF Rubrics, Issue 1: What Boards Need to Know About the New Rubrics, Governance Brief, rev. October 2016~~

~~State Priorities for Funding: The Need for Local Control and Accountability Plans, Fact Sheet, August 2013~~

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS

California School Accounting Manual

Every Student Succeeds Act - Update #6, January 18, 2017

LCFF Frequently Asked Questions

WEB SITES

CSBA: <http://www.csba.org>

California Department of Education: <http://www.cde.ca.gov>

Policy

adopted: October 7, 2014

revised: October 13, 2015

considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

Rescue, California

Rescue Union ESD

Board Policy

Access To District Records

BP 1340

Community Relations

Note: The following optional policy and accompanying administrative regulation reflect requirements of the California Public Records Act (CPRA) (Government Code 6250-6270) pertaining to public access to public records of the district. "Public records," as defined by Government Code 6252, include any records relating to the conduct of the district's business prepared, owned, used, or retained by the district regardless of physical form or characteristics; see section on "Definitions" in the accompanying administrative regulation. For information regarding retention of records, see BP/AR 3580 - District Records, AR 4112.6/4212.6/4312.6 - Personnel Files, and BP/AR 5125 - Student Records.

The Governing Board recognizes the right of citizens to have access to public records of the district. –The Board intends the district to provide any person reasonable access to the public records of the schools and district during normal business hours and within the requirements of law. –Public access shall not be given to records listed as exempt from public disclosure in the California Public Records Act and other state or federal law.

(cf. 3553 - Free and Reduced Price Meals)

(cf. 3580 - District Records)

(cf. 4112.56/4212.56/4312.5 - Criminal Record Check ~~6~~ – Personnel Files)

(cf. 4112.662/4212.662/4312.6 - Personnel Files ~~62~~ – Maintenance of Criminal Offender Records)

(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)

(cf. 5020 - Parent Rights and Responsibilities)

(cf. 5125 - Student Records)

(cf. 5125.1 - Release of Directory Information)

(cf. 6162.5 - Student Assessment)

(cf. 9011 - Disclosure of Confidential/Privileged Information)

(cf. 9321 - Closed Session Purposes and Agendas)

Note: In City of San Jose v. Superior Court, the California Supreme Court held that communications regarding public business transmitted to or by public officials on a personal account or device are not categorically exempt from disclosure under the CPRA (Government Code 6250-6270). The court noted that public agencies are required to disclose all applicable records that can be located "with reasonable effort," including those records contained on a public official's or employee's personal device regardless of whether they were transmitted through district servers. Such searches need not be extraordinary or intrusive. For further information, see CSBA's Legal Alert: Tips for Governing Boards in Response to Public Records Act Ruling on Electronic Communications. Also see AR 3580 - District Records and BB 9012 - Board Member Electronic Communications.

In response to a public records request, the Superintendent or designee shall make reasonable efforts to locate the requested records, including, but not limited to, any electronic communication substantively related to the records, such as email, text messages, instant messages, and other electronic communications, regardless of whether they are transmitted

through a district-provided device or account or through an employee's or Board member's personal device or account.

(cf. 4040 - Employee Use of Technology)

(cf. 9012 - Board Member Electronic Communications)

Note: Government Code 6253 authorizes the district to charge a person requesting a copy of a record a fee covering the direct costs of duplication; however, no fee can be charged to a person who wishes to inspect but not copy a record. In North County Parents Organization for Children with Special Needs v. Department of Education, the court determined that direct costs include only the cost of running the copy machine and possibly the expense of the person operating it. Direct costs do not include the other costs that may be associated with the request, such as searching, reviewing, or redacting the record; assisting the requester in formulating the request; responding to the request; or employee time to sit with the requester during inspection of the record. Because it is not clearly authorized by law, districts wishing to charge for the cost of the copy machine operator should consult with legal counsel.

In addition, Government Code 6253 authorizes districts to provide faster access or access to more records than the minimum standards provided by law. According to the court in North County Parents Organization, this provision permits a district to waive or reduce its fees. For example, a district may consider waiving fees below a certain dollar threshold because the costs of collecting the fee exceed the fee amount.

The district may charge for copies of public records or other materials requested by individuals or groups. The charge shall be based on actual costs of duplication, as determined by the Superintendent or designee and as specified in administrative regulation.

Note: The following paragraph is optional.

In order to help maintain the security of district records, members of the public granted access shall examine records in the presence of a district staff member.

Legal Reference:

EDUCATION CODE

35145 Public meetings

35170 Authority to secure copyrights

35250 Duty to keep certain records and reports

41020 Requirement for annual audit

42103 Publication of proposed budget; hearing

44031 Personnel file contents and inspections

44839 Medical certificates; periodic medical examination

49060-49079 ~~Student~~**Pupil** records

49091.10 Parental review of curriculum and instruction

~~52850 — Applicability of article (School Based Program Coordination Plan availability)~~

GOVERNMENT CODE

3547 Proposals relating to representation

6250-6270 California Public Records Act

6275-6276.48 Other exemptions from disclosure

53262 Employment contracts

54957.2 Minute book record of closed sessions

54957.5 Agendas and other writings distributed for discussion or consideration

81008 Political Reform Act, public records; inspection and reproduction

CALIFORNIA CONSTITUTION

Article 1, Section 3 Right of access to governmental information

CODE OF REGULATIONS, TITLE 5

430-438 Individual ~~student~~^{pupil} records

COURT DECISIONS

City of San Jose v. Superior Court (2017) 2 Cal.5th 608

Los Angeles County Board of Supervisors v. Superior Court (2016) 2 Cal.5th 282

International Federation of Professional and Technical Engineers v. The Superior Court of Alameda County, (2007) 42 Cal.4th 319

Los Angeles Times v. Alameda Corridor Transportation Authority, (2001) 88 Cal.App.4th 1381

Kleitman v. Superior Court, (1999) 74 Cal.App. 4th 324

Fairley v. Superior Court, (1998) 66 Cal.App. 4th 1414

North County Parents Organization for Children with Special Needs v. Department of Education, (1994) 23 Cal.App. 4th 144

ATTORNEY GENERAL OPINIONS

71 Ops.Cal.Atty.Gen. 235 (1988)

64 Ops.Cal.Atty.Gen. 186 (1981)

Management Resources:

CSBA PUBLICATIONS

Legal Alert: Tips for Governing Boards in Response to Public Records Act Ruling on Electronic Communications, March 2017

ATTORNEY GENERAL PUBLICATIONS

Summary of the California Public Records Act, 2004

LEAGUE OF CALIFORNIA CITIES PUBLICATIONS

The People's Business: —A Guide to the California Public Records Act, 2008

WEB SITES

CSBA: <http://www.csba.org>

California Attorney General's Office: <https://oag.ca.gov>~~http://www.caag.state.ca.gov~~^{us}

Institute for Local Government: <http://www.cacities.org/index.jsp?zone=ilsg>

State Bar of California: <http://www.calbar.ca.gov>

Policy

adopted: September 2004

revised: January 13, 2015

considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

Rescue, California

Rescue Union ESD

Administrative Regulation

District Records

AR 3580

Business and Noninstructional Operations

Note: The following optional administrative regulation reflects classification and retention requirements for district records. For more information about personnel records, including the contents and retention of such records pursuant to 5 CCR 16023, see AR 4112.6/4212.6/4312.6 - Personnel Files. For additional requirements pertaining to student records, including the contents and retention of such records pursuant to Education Code 49069, 5 CCR 430-433, and the Family Educational Rights and Privacy Act (20 USC 1232g and 34 CFR 99.1-99.8), see BP/AR 5125 - Student Records. For requirements pertaining to public access to certain records in accordance with the California Public Records Act (CPRA) (Government Code 6250-6270), see BP/AR 1340 - Access to District Records and BB 9012 - Board Member Electronic Communications.

~~The Superintendent or designee shall ensure that appropriate computer software is used to safeguard any data stored on computers, including computers connected to networks. To further prevent the damage or theft of data, computers and related equipment, he/she shall maintain complete and accurate inventories, specify user responsibilities for damages, and provide appropriate supervision in areas where computers are used.~~

Classification of Records

Note: Pursuant to 5 CCR 16020, only those documents that are prepared or retained as part of the discharge of official duty are considered as "records" that must be classified and retained. In addition, under the CPRA (Government Code 6250-6270), a "public record" is defined as any writing relating to the conduct of district business that is prepared, owned, used, or retained by the district; see BP/AR 1340 - Access to District Records. Documents and other writings that are not prepared or used by the district in the conduct of district business are generally not considered to be "records" and thus are not subject to the requirements of this regulation.

Records means all records, maps, books, papers, and documents of a school district required by law to be prepared or retained as necessary or convenient to the discharge of official duty. (5 CCR 16020)

(cf. 1340 - Access to District Records)

Before January 1, the Superintendent or designee shall review ~~documents and papers originating during the prior year's recordschool year~~ and shall classify them as either a Class 1 (Permanent), Class 2 (Optional), or Class 3 (Disposable) record. (5 CCR 16022)

~~);~~ Records of continuing nature (active and useful for administrative, legal, fiscal, or other purposes over a period of years) shall not be classified until such usefulness has ceased. (5 CCR 16022)

An inventory of equipment shall be a continuing record and shall not be classified until the inventory is superseded or until the equipment is removed from district ownership. (5 CCR 16022)

(cf. 3440 - Inventories)

A student's cumulative record is a continuing record until the student ceases to be enrolled in the district. (5 CCR 16022)

(cf. 5125 - Student Records)

When an electronic or photographed copy of a Class 1 (Permanent) record has been made, the copy may be classified as Class 1 (Permanent) and the original classified as either Class 2 (Optional) or Class 3 (Disposable). However, no original record that is basic to any required audit may be destroyed prior to the second July 1st succeeding the completion of the audit. (Education Code 35254)

Class 1 - Permanent Records

~~Class 1 - Permanent Record (5 CCR 16023)~~

The original of each of the following records, or one exact copy of it when the original is required by law to be filed with another agency, is a Class 1 (Permanent) ~~record~~**Record** and shall be retained indefinitely unless microfilmed in accordance with 5 CCR 16022: (5 CCR 16023)

1. Annual Reports
 - a. Official budget
 - b. Financial reports of all funds, including cafeteria and student body funds
 - c. Audit of all funds
 - d. Average daily attendance, including Period 1 and Period 2 reports
 - e. Other major annual reports, including:
 - (1) Those containing information relating to property, activities, financial condition, or transactions
 - (2) Those declared by Governing Board minutes to be permanent

(cf. 3100 - Budget)

(cf. 3452 - Student Activity Funds)

(cf. 3460 - Financial Reports and Accountability)

(cf. 3551 - Food Service Operations/Cafeteria Fund)

2. Official Actions

- a. Minutes of the Board or Board committees, including the text of rules, regulations, policies, or resolutions included by reference only
- b. The call for and the result of any elections called, conducted, or canvassed by the Board
- c. Records transmitted by another agency pertaining to its action with respect to district reorganization

(cf. 7214 - General Obligation Bonds)

(cf. 9324 - Minutes and Recordings)

3. Personnel Records

~~a. Employees Class 1 (Permanent) records include all~~

~~All detailed records relating to employment; assignment; amounts and dates of service rendered; termination or dismissal of an employee in any position; sick leave record; rate of compensation, salaries, or wages paid; and; deductions or withholdings made and the person or agency to whom such amounts were paid. In lieu of the detailed records, a complete proven summary payroll record for each employee containing the same data may be classified as a Class 1 (Permanent) record, and the detailed records may then be classified as Class 3 (Disposable) records.~~

Information of a derogatory nature as defined in Education Code 44031 shall be retained as a Class 1 (Permanent) record only when the time for filing a grievance has passed or the document has been sustained by the grievance process.

(cf. 4112.5/4212.5/4312.5 - Criminal Record Check)

(cf. 4112.6/4212.6/4312.6 - Personnel Files)

4. Student Records

~~b. Students~~

~~The records of enrollment and scholarship for each student required by 5 CCR 432, and all records pertaining to any accident or injury involving a minor for which a claim for damages had been filed as required by law shall be classified as Class 1 (Permanent) records. These include.—~~This includes~~ any related policy of liability insurance, except that these records cease to be Class 1 (Permanent) records one year after the claim has been settled or the statute of limitations has expired.~~

(cf. 5111.1 - District Residency)

(cf. 5141 - Health Care and Emergencies)

(cf. 5143 - Insurance)

54. Property Records

Class 1 (Permanent) records include allAH detailed records relating to land, buildings, and equipment. In lieu of detailed records, a complete property ledger may be classified as a Class 1 (Permanent) record.— The detailed records may then be classified as Class 3 (Disposable) records if the property ledger includes all fixed assets; an equipment inventory; and, for each piece of property, the date of acquisition, name of previous owner, a legal description, ~~the~~ amount paid, and comparable data if the unit is disposed of.

(cf. 3280 - Sale or Lease of District-Owned Real Property)

Class 2 - Optional Records—~~(5 CCR 16024)~~

Any ~~records~~record considered temporarily worth keeping, but which ~~are~~is not a ~~Class 1 records~~Class 1 record, may be classified as Class 2 (Optional) records and shall be retained until ~~it is~~ reclassified as Class 3 (Disposable) records.— If, by agreement of the Board and Superintendent or designee, classification of the prior year records has not been made before January 1 as specified in 5 CCR 16022, all records of the prior year may be classified as Class 2 (Optional) records pending further review and until they are classified as required by 5 CCR 16022.— ~~Such~~ classification ~~must occur~~ within one year. (5 CCR 16024)

Class 3 - Disposable Records—~~(5 CCR 16025, 16026, 16027)~~

All records not classified as Class 1 (Permanent) or as Class 2 (Optional) records shall be classified as Class 3 (Disposable) records.— These include, but are not limited to, ~~;~~— detailed records basic to audit, including those relating to attendance, average daily attendance, or business or financial transactions; detailed records used in preparing another report; teachers' registers if all information required by 5 CCR 432 is retained in other records or if the General Records pages are removed from the register and classified as Class 1 (Permanent) records;; and periodic reports, including daily, weekly, and monthly reports, bulletins, and instructions. (5 CCR 16025)

All Class 3 (Disposable) records shall be destroyed during the third school year after the school year in which the records originated. In addition, Class 3 (Disposable) records shall not be destroyed until after the third school year later of the following ~~the~~:

1. ~~_____~~ The completion of any legally required audit or the
2. ~~The~~ retention period required by any agency other than the State of California, whichever is later. A continuing record shall not be destroyed until the fourth year after it has been classified as a Class 3 (Disposable) record. (5 CCR 16026, 16027)

(cf. 5113.2 - Work Permits)

Electronically Stored Information

Note: In the conduct of official district business, many records and informational materials are generated and maintained in electronic format, making it necessary for districts to design a system for easily saving and retrieving such information when needed. The following **optional** section contains suggestions for the handling of such electronically stored information and may be revised to reflect district practice.

In *City of San Jose v. Superior Court*, the California Supreme Court held that a public official's or employee's electronic communications regarding public business, even if transmitted on the official's or employee's personal account or device, are public records and are not categorically excluded from disclosure upon request under the CPRA. The court noted that the CPRA requires public agencies to use "reasonable effort" to locate existing records in response to a public records request, but that such searches need not be extraordinary or intrusive. The following paragraph reflects the court's suggestion for ensuring that district-related communications transmitted through a public employee's or official's personal device or account can be retrieved without violating the employee's or official's privacy rights. For further information, see CSBA's Legal Alert: Tips for Governing Boards in Response to Public Records Act Ruling on Electronic Communications.

All electronically stored information related to the conduct of district business, including information created, saved, sent, or received on a district employee's or Board member's personal account or device, shall be saved as an electronic file to a district-provided account or device and retained in accordance with the section "Classification of Records" above. Such information includes, but is not limited to, email, text messages, instant messages, computer files, and other electronic communications related to district business. In addition, when appropriate, the information may be printed and physically filed in a way that allows it to be easily retrieved when needed.

(cf. 9012 - Board Member Electronic Communications)

Note: The following **optional** paragraph may be revised to reflect district practice. Districts have the authority to monitor the use of district-owned property and equipment, including those provided to employees to enable them to perform their duties efficiently, such as computers, cell phones, and other electronic communication devices. In such situations, an employee's expectation of privacy as it relates to the equipment is limited and the district may monitor it for appropriate use.

3. _____ The school year in which the records originated

Employees shall be required to regularly purge their email accounts and district-issued computers, cell phones, and other communication devices of personal electronically stored information and other information unrelated to district business. The Superintendent or designee may check for appropriate use of any district-owned equipment at any time.

(cf. 4040 - Employee Use of Technology)

Any person to whom a district-owned computer, cell phone, or other electronic communication device is provided shall be notified about the district's electronic information management system and, as necessary, provided training on the effective use of the device.

|
Regulation
approved: May 24, 2005
considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT
Rescue, California

Rescue Union ESD

Administrative Regulation

Staff Teaching Students Of Limited English Proficiency

AR 4112.22

Note: To be assigned to provide English language development (ELD), specially designed academic instruction in English (SDAIE), and/or primary language instruction, as defined below, a teacher must hold an appropriate authorization from the Commission on Teacher Credentialing (CTC).

Education Code 44258.9 requires the County Superintendent of Schools to monitor district teacher assignments and vacancies and to investigate district efforts to ensure that a teacher in an assignment requiring authorization to teach English learners completes the necessary requirements. See BP 4113 - Assignment.

Personnel

Definitions

Note: Proposition 58 (November 2016) amended Education Code 306 to revise the definition of "English learner" to conform with federal law, as follows.

English learner means a student who is age 3-21 years, who is enrolled or is preparing to enroll in an elementary or secondary school, and whose difficulties in speaking, reading, writing, or understanding the English language may be sufficient to deny the student the ability to meet state academic standards, the ability to successfully achieve in classrooms where the language of instruction is English, or the opportunity to participate fully in society. An English learner may include a student who was not born in the United States or whose native language is a language other than English; a student who is Native American or Alaska Native, or a native resident of the outlying areas, who comes from an environment where a language other than English has had a significant impact on the individual's level of English language proficiency; or a student who is migratory, whose native language is a language other than English, and who comes from an environment where a language other than English is dominant. (Education Code 306; 20 USC 7801)

Instruction for English language development (ELD) means instruction designed specifically for ~~limited-English learners-proficient students~~ to develop their listening, speaking, reading, and writing skills in English. (Education Code 44253.2)

Specially designed academic instruction in English (SDAIE) means instruction in a subject area, delivered in English, that is specially designed to meet the needs of ~~limited-English learners-proficient students~~. (Education Code 44253.2)

Primary language instruction includes both primary language development designed to develop English learners' listening, speaking, reading, and writing skills in their primary language and

~~content~~**Content** instruction delivered in the primary language ~~means instruction~~ in anya subject area, ~~delivered in the primary language of the student.~~ (Education Code 44253.2)

~~(cf. 6174 - Education for English Learners)~~

Teacher Qualifications

Note: Education Code 44253.1-44253.11, related Title 5 regulations, and CTC leaflet CL-622, Serving English Learners, describe requirements pertaining to the qualifications of teachers of English learners.

It is the authorization listed on a document issued by the CTC, not the title of the document, which determines if and how an individual is authorized to serve English learners. Teacher preparation programs for multiple subject, single subject, and education specialist candidates include embedded coursework that allows them to earn an English learner authorization (authorizing ELD and SDAIE instruction) or a bilingual authorization (authorizing ELD, SDAIE, and primary language instruction) directly on their teaching credential. A teacher also may qualify to provide ELD and SDAIE instruction by completing coursework and/or passing CTC-approved examinations leading to a Crosscultural, Language and Academic Development (CLAD) certificate. The CTC is no longer issuing new Bilingual, Crosscultural, Language and Academic Development (BCLAD) certificates, but current holders of valid BCLAD certificates may continue to provide ELD, SDAIE, and primary language instruction.

Pursuant to Education Code 44253.11, a teacher with an appropriate prerequisite credential may enroll in a CTC-approved staff development program and, upon successful completion, may apply to the CTC for a Certificate of Completion of Staff Development authorizing the teacher to provide instruction in SDAIE.

5 CCR 80021 and 80021.1 provide that all Short-Term Staff Permits and Provisional Internship Permits will be issued with an English learner authorization, unless the district requests the bilingual authorization and the applicant verifies target-language proficiency. The CTC also may issue emergency CLAD and bilingual authorization permits pursuant to 5 CCR 80024.7-80024.8. See AR 4112.2 - Certification.

The CTC's "Frequently Asked Questions Concerning Appropriate Assignment and Authorizations to Serve English Learners in California" clarifies that any teacher with one or more K-12 English learner students in his/her class is required to have a CTC authorization to provide ELD, SDAIE, and/or primary language instruction, as appropriate. State law does not specify any exemption based on the number of English learners in a class, the type of class (e.g., elective), or type of setting (e.g., special education or career technical education). According to the FAQs, districts have discretion to establish an employment requirement that all teachers, even those who currently have no English learners, possess an authorization to teach English learners. Districts that choose to do so should modify the following paragraph accordingly.

Only a teacher who possesses an appropriate authorization issued by the Commission on Teacher Credentialing (CTC) shall provide ELD, SDAIE, and/or primary language instruction in a class with one or more English learners.

~~The Superintendent or designee shall ensure that a teacher providing instruction for English language development, specially designed academic instruction in English (SDAIE) and/or content instruction in any student's primary language possesses the appropriate authorization(s) issued by the Commission on Teacher Credentialing (CTC).~~

~~(cf. 1312.4 - Williams Uniform Complaint Procedures)~~

~~(cf. 4112.2 - Certification)~~

~~(cf. 4112.21 - Interns)~~

~~(cf. 4112.24 - Teacher Qualifications Under the No Child Left Behind Act)~~

~~(cf. 4113 - Assignment)~~

~~(cf. 4131 - Staff Development)~~

~~(cf. 4222 - Teacher Aides/Paraprofessionals)~~

~~(cf. 6174 - Education for English Language Learners)~~

~~A teacher without CTC authorization(s) shall be qualified to provide SDAIE if he/she meets all of the following criteria: (Education Code 44253.10; 5 CCR 80016)~~

~~1. _____ Has a basic teaching credential~~

~~2. Completes, prior to January 1, 2005, 45 hours of staff development in methods of SDAIE offered through a program approved by the CTC~~

~~3. Was a permanent employee of the district as of January 1, 1999, or was previously a permanent employee and then was employed in any other California public school district within 39 months of the previous permanent status~~

~~(cf. 4131 - Staff Development)~~

~~The district may, for the purpose of providing primary language instruction, hire bilingual teachers who are employed in public or private schools of a foreign country, state, territory, or possession, provided such teachers speak English fluently and hold the necessary sojourn credential issued by the CTC. After the initial two-year sojourn credential expires, the teacher may annually apply to the CTC for an extension for a total period of not more than five years. Any application for renewal shall include verification by the Superintendent or designee that termination of the employment would adversely affect an existing bilingual program and that attempts to secure the employment of a qualified certificated California teacher have been unsuccessful. (Education Code 44856)~~

~~To satisfy the above staff development requirement, the teacher may instead complete any equivalent three semester unit or four quarter unit class at a regionally accredited college or university. (Education Code 44253.10)~~

~~A teacher who has completed the above training may provide SDAIE and English language development in any departmentalized teaching assignment consistent with the teacher's basic credential. The teacher may provide instruction for English language development in a self-contained classroom if he/she has accomplished one or both of the following: (Education Code 44253.10; 5 CCR 80016)~~

~~1. Has taught for at least nine years in California public schools, certifies that he/she has had experience or training in teaching limited English proficient students, and authorizes verification by the entity that issued a certificate of completion for the staff development~~

~~2. Has completed, within three years of completing the staff development described above and before January 1, 2008, an additional 45 hours of staff development, including SDAIE and English language development training~~

~~During the period when the teacher is pursuing training in instruction for English language development or SDAIE, he/she may be provisionally assigned to provide that instruction. (Education Code 44253.10)~~

Legal Reference:–

EDUCATION CODE

306 Definition, English learner

~~10600-10610 California Education Information System~~

~~44225 Duties of the Commission on Teacher Credentialing~~

~~44253.1-44253.11 Qualifications of teachers of English learners~~~~10 Certification for bilingua~~~~l crosscultural competence~~

44258.9 County superintendent review of teacher assignments

44259.5 Standards for teachers of all students, including English language learners

44380-44386 Alternative certification

44856 Employment of teachers from foreign countries

~~44760-44763 Teacher supply and demand reporting~~

52160-52178 Bilingual-Bicultural Act of 1976

~~52180-52186 Bilingual teacher training assistance program~~

62001-62005.5 Evaluation and sunseting of programs

CODE OF REGULATIONS, TITLE 5

80015 Requirements for the CLAD certification or English learner authorization

80015.1-80015.4 Requirements for CLAD, English learner authorization or bilingual authorization

80021 Short-Term Staff Permit

80021.1 Provisional Internship Program

80024.7-80024.8 Emergency CLAD and bilingual permits

~~6100-6125 Teacher qualifications, No Child Left Behind Act~~

~~80016 Certificate of completion of staff development to teach English learners~~

UNITED STATES CODE, TITLE 20

~~1701-1704 Equal educational opportunities~~

~~6319 Highly qualified teachers–~~

6601-6651 Training and recruiting high-quality teachers

6801-7014 Language instruction for English learners and immigrant students

7801 Definition of English learner

~~7801 Definitions, highly qualified teacher–~~

~~CODE OF FEDERAL REGULATIONS, TITLE 34~~

~~200.55-200.57 Highly qualified teachers–~~

COURT DECISIONS

Teresa P. et al v. Berkeley Unified School District et al, (1989) 724 F.Supp. 698

Management Resources:

COMMISSION ON TEACHER CREDENTIALING PUBLICATIONS

Administrator's Assignment Manual

Frequently Asked Questions Concerning Appropriate Assignment and Authorizations to Serve English Learners in California

CL-622 Serving English Learners

CL-626B Bilingual Authorizations

CL-626C Crosscultural, Language and Academic Development (CLAD) Certificate

CL-568 The Sojourn Certificated Employee Credential

CL-824 Certificate of Completion of Staff Development

~~CDE PROGRAM ADVISORIES~~

~~0300.97 Programs for English learners~~

~~CTC CODED CORRESPONDENCE~~

~~04-0001 Clarification of authorizations to teach English learners, January 12, 2004~~

~~02-0006 Authorization to teach English learners pursuant to SB 2042, April 24, 2002~~

~~U.S. DEPARTMENT OF EDUCATION GUIDANCE~~

~~Improving Teacher Quality State Grants Title II, Part A Non-Regulatory Draft Guidance, revised January 16, 2004~~

WEB SITES

~~CSBA Commission on Teacher Credentialing: <http://www.csba.org/etc/ea.gov>~~

~~California Association for Bilingual Education: <http://www.gocabe.org>~~

~~California Department of Education, English Learners: <http://www.cde.ca.gov/sp/el>~~

~~California Teachers of English to Speakers of Other Languages: <http://www.catesol.org>~~

~~Commission on Teacher Credentialing California Association for Bilingual Education:~~

~~<http://www.ctc.ca.gov/bilingualeducation.org>~~

~~U.S. Department of Education: <http://www.ed.gov>~~

Regulation

approved: September 2004

considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

Rescue, California

CSBA Sample Exhibit

All Personnel

E 4112.9(a)
4212.9
4312.9

EMPLOYEE NOTIFICATIONS

Note: The following exhibit lists notices which the law requires be provided to employees. See the referenced Board policy, administrative regulation, or Board bylaw for further information about related program and notice requirements.

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
I. To All Employees			
At the beginning of school year or upon employment	Education Code 231.5; Government Code 12950; 2 CCR 11024	AR 4119.11 4219.11 4319.11	The district's policy on sexual harassment, legal remedies, complaints
Annually to all employees, and 72 hours before pesticide application	Education Code 17612	AR 3514.2	Use of pesticide product, active ingredients, Internet address to access information
To all employees, prior to implementing year-round schedule	Education Code 37616	BP 6117	Public hearing on year-round program
To all employees, prior to implementing alternative schedule	Education Code 46162	AR 6112	Public hearing on alternative schedule
Annually to all employees	Education Code 49013; 5 CCR 4622	AR 1312.3 BP 0460 BP 3260	Uniform complaint procedures, appeals, civil law remedies, coordinator, complaints about student fees and local control and accountability plan
Annually to all employees	Education Code 49414	AR 5141.21	Request for volunteers to be trained to administer epinephrine auto-injectors
At least once per year	Education Code 49414.3	AR 5141.21	Request for volunteers to be trained to administer opioid antagonist
To all employees	Government Code 1126	BP 4136 4236 4336	Prohibition of activities that are inconsistent, incompatible, in conflict with, or inimical to

duties; discipline; appeal

E 4112.9(b)
4212.9
4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
I. To All Employees (continued)			
Prior to beginning employment	Government Code 3102	AR 4112.3 4212.3 4312.3	Oath or affirmation of allegiance required of disaster service workers
To all employees	Government Code 8355; 41 USC 8102; 34 CFR 84.205, 84.210	BP 4020 BP 4159 4259 4359	District's drug- and alcohol-free workplace; actions to be taken if violated; available employee assistance programs
Upon employment	Government Code 21029	None	Right to purchase PERS service credit for military service performed prior to public employment
Upon placement of automated external defibrillator (AED) in school, and annually thereafter	Health and Safety Code 1797.196	AR 5141	Proper use of AED; location of all AEDs on campus, sudden cardiac arrest, school's emergency response plan
To all employees, if the district receives Tobacco-Use Prevention Education funds	Health and Safety Code 104420	AR 3513.3	District's tobacco-free schools policy and enforcement procedures
Annually to all employees, or more frequently if there is new information	Health and Safety Code 120875, 120880	AR 4119.43 4219.43 4319.43	AIDS and hepatitis B, including methods to prevent exposure
To all employees, with each paycheck	Labor Code 246	AR 4161.1 4361.1 4261.1	Amount of sick leave available
To covered employees and former employees	Labor Code 2800.2	AR 4154 4254 4354	Availability of COBRA/ Cal-COBRA continuation and conversion coverage; statement encouraging careful examination of options before declining coverage

To every new employee, either at the time employee is hired or by end of first pay period	Labor Code 3551	BP 4157.1 4257.1 4357.1	Workers' compensation benefits, how to obtain medical care, role of primary physician, form for reporting personal physician/chiropractor E 4112.9(c) 4212.9 4312.9
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EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
I. To All Employees (continued)			
Prior to beginning employment	Penal Code 11165.7, 11166.5	AR 5141.4	Status as a mandated reporter of child abuse, reporting obligations, confidentiality rights, copy of law
Upon employment, and when employee goes on leave for specified reasons	Unemployment Insurance Code 2613	AR 4154 4254 4354	Disability insurance rights and benefits
To all employees and job applicants	2 CCR 11023; 34 CFR 104.8, 106.9	BP 0410 BP 4030	District's policy on nondiscrimination and related complaint procedures
To all employees via employee handbook, or to each new employee	2 CCR 11091, 11095; 29 CFR 825.300	AR 4161.8 4261.8 4361.8	Benefits through Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA); obligation to provide 30 days' notice of need for leave when possible
Annually to all employees	40 CFR 763.84, 763.93	AR 3514	Availability of asbestos management plan; inspections, response actions, post-response actions planned or in progress
II. To Certificated Employees			
To eligible certificated employees in a timely manner, and to part-time and substitute certificated employees within 30 days of hire	Education Code 22455.5	AR 4121	Criteria for membership in retirement system; right to elect membership at any time
Upon employment of a	Education Code	AR 4117.14	Postretirement earnings

retired certificated individual	22461	4317.14	limitation or employment restriction; monthly report of compensation
To certificated employees	Education Code 35171	AR 4115 BP 4315	District regulations related to performance evaluations
			E 4112.9(d) 4212.9 4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
II. To Certificated Employees (continued)			
30 days before last day of school year for instructional staff, or by June 30 for noninstructional certificated staff, in any year in which employee is evaluated	Education Code 44663	AR 4115	Copy of employee's evaluation
To a certificated employee with unsatisfactory evaluation, once per year for probationary employee or at least once every other year for permanent employee	Education Code 44664	AR 4115	Notice and description of the unsatisfactory performance
By May 30, if district issues reemployment notices to certificated employees	Education Code 44842	AR 4112.1	Request that the employee notify district of intent to remain in service next year
To certificated employees upon employment, and to nonpermanent employees in July of each school year	Education Code 44916	AR 4112.1 AR 4121	Employment status and salary
To probationary employees in district with ADA of 250 or more by March 15 of employee's second consecutive year of employment	Education Code 44929.21	AR 4117.6	Whether or not employee is reelected for next school year
When certificated employee is subject to disciplinary action for cause, at any time of year or, for charge of unsatisfactory	Education Code 44934, 44934.1, 44936	BP 4118 AR 4118	Notice of charges, procedures, and employee rights; intent to dismiss or suspend 30 days after notice

performance, during instructional year

To certificated employee charged with unprofessional conduct, at least 45 days prior to suspension/dismissal notice	Education Code 44938	BP 4118	Notice of deficiency and opportunity to correct
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To certificated employee charged with unsatisfactory performance, at least 90 days prior to suspension/dismissal notice or prior to last quarter of school year	Education Code 44938	BP 4118	Notice of deficiency and opportunity to correct
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E 4112.9(e)
4212.9
4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
II. To Certificated Employees (continued)			
To certificated employee charged with mandatory leave of absence offense, within 10 days of entry of judgment in proceedings	Education Code 44940.5	AR 4118	Notice of intent to dismiss 30 days from notice unless employee demands hearing
To probationary employees 30 days prior to dismissal during school year, but not later than March 15 for second-year probationary employees	Education Code 44948.3	AR 4118	Reasons for dismissal and opportunity to appeal
By March 15 when necessary to reduce certificated personnel, with final notice by May 15	Education Code 44949, 44955	BP 4117.3	Reasons for personnel reduction and employees' right to hearing; final notice of Board decision re: termination
On or before June 30, to temporary employee who served 75 percent of school year but will be released	Education Code 44954	BP 4121	District's decision not to reelect employee for following school year
To teacher, when a student engages in or is reasonably suspected of specified acts	Education Code 49079	AR 4158 4258 4358	Student has committed specified act that constitutes ground for suspension or expulsion
To certificated employee upon	5 CCR 80303	AR 4117.7	Contents of state regulation

change in employment status due to alleged misconduct or while allegation is pending		4317.7	re: report to Commission on Teacher Credentialing
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III. To Classified Employees

To classified employee charged with mandatory leave of absence offense, in merit system district	Education Code 44940.5	AR 4218	Notice of intent to dismiss in 30 days
When classified employee is subject to disciplinary action for cause, in nonmerit district	Education Code 45113	AR 4218	Notice of charges, procedures, and employee rights

E 4112.9(f)
4212.9
4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
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III. To Classified Employees (continued)

To classified employees at least 60 days prior to layoff, or by April 29 for specially funded program that expires at end of school year	Education Code 45117	AR 4217.3	Notice of layoff and reemployment rights
To classified employees upon employment and upon each change in classification	Education Code 45169	AR 4212	Employee's class specification, salary data, assignment or work location, duty hours, prescribed workweek
To classified permanent employee whose leave is exhausted	Education Code 45192, 45195	AR 4261.1 AR 4261.11	Exhaustion of leave, opportunity to request additional leave
To school bus drivers and school activity bus drivers prior to expiration of specified documents	13 CCR 1234	AR 3542	Expiration date of driver's license, driver's certificate and medical certificate; need to renew
To school bus drivers and school activity bus drivers upon employment and at least once per year thereafter	13 CCR 2480	AR 3542	Limitations on vehicle idling; consequences of not complying

To school bus drivers, prior to district drug testing program and thereafter upon employment	49 CFR 382.601	BP 4112.42 4212.42 4312.42	Explanation of federal requirements for drug testing program and district's policy
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IV. To Administrative/Supervisory Personnel

To deputy, associate, or assistant superintendent or senior manager of classified service, at least 45 days before expiration of contract	Education Code 35031	BP 4312.1	Decision not to reelect or reemploy upon expiration of contract or term
Upon request by administrative or supervisory employee transferred to teaching position	Education Code 44896	AR 4313.2	Statement of the reasons for the release or reassignment
By March 15 to employee who may be released/reassigned the following school year	Education Code 44951	AR 4313.2	Notice that employee may be released or reassigned the following school year E 4112.9(g) 4212.9 4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
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V. To Individual Employees Under Special Circumstances

In the event of a breach of security of district records, to affected employees	Civil Code 1798.29	BP 3580	Types of records affected, date of breach, description of incident, and, as applicable, contact information for credit reporting agencies
Prior to placing derogatory information in personnel file	Education Code 44031	AR 4112.6 4212.6 4312.6	Notice of derogatory information, opportunity to review and comment
To employees who volunteer to administer epinephrine auto-injector	Education Code 49414	AR 5141.21	Defense and indemnification from civil liability by the district
To employees returning from military leave of absence, within 30 days of return	Government Code 20997	AR 4161.5 4261.5 4361.5	Right to receive PERS service credit for military service; application form
24 hours before Board meets in closed session to hear complaints or charges against employee	Government Code 54957	BB 9321	Employee's right to have complaints/charges heard in open session

When taking disciplinary action against employee for disclosure of confidential information	Government Code 54963	BP 4119.23 4219.23 4319.23	Law prohibiting disclosure of confidential information obtained in closed session
Within one working day of work-related injury or victimization of crime	Labor Code 3553, 5401	BP 4157.1 4257.1 4357.1	Potential eligibility for workers' compensation benefits, claim form
When adverse employment action is based on DOJ criminal history information or subsequent arrest notification	Penal Code 11105, 11105.2	AR 4112.5 4212.5 4312.5	Copy of DOJ notification
To any employee with exposure to blood or other potentially infectious materials, upon initial employment and at least annually thereafter	8 CCR 3204, 5193	AR 4119.42 4219.42 4319.42	The existence, location, and availability of exposure and medical records; person responsible for maintaining and providing access to records; right to access records

E 4112.9(h)
4212.9
4312.9

EMPLOYEE NOTIFICATIONS (continued)

When/Whom to Notify	Education or Other Legal Code	Board Policy/ Administrative Regulation #	Subject
V. To Individual Employees Under Special Circumstances (continued)			
To any employee assigned to a work area where hazardous chemicals are present, upon initial assignment and upon new exposure situation	8 CCR 5191	AR 3514.1	Location and availability of chemical hygiene plan, exposure limits, signs and symptoms of exposure, location of reference material
To any employee who may be exposed to hazardous substances in the work area, upon initial assignment and when new hazard is introduced into work area	8 CCR 5194	AR 3514.1	Any presence of hazardous substances in the work area, location and availability of hazard communication program, new material safety data sheet, employee rights
To employee eligible for military leave	38 USC 4334	AR 4161.5 4261.5 4361.5	Notice of rights, benefits, and obligations under military leave
Within five days of employee's	29 CFR 825.300;	AR 4161.8	Designation of leave as

request for FMLA leave, receipt of supporting information, or district's knowledge that the requested leave may qualify as FMLA leave	2 CCR 11049, 11091	4261.8 4361.8	FMLA or non-FMLA; if not eligible, reason not eligible; requirement to use paid leave; any requirement for fitness-for-duty certification; any subsequent changes in designation notice
Whenever notice of eligibility for FMLA is provided to employee	29 CFR 825.300	AR 4161.8 4261.8 4361.8	Rights and responsibilities re: use of FMLA; consequences of failure to meet obligations

(5/16 7/16) 3/17

Policy Reference UPDATE Service

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Rescue Union ESD

Board Policy

Temporary Athletic Team Coaches

Personnel	BP 4127(a)
	4227
	4327

The Governing Board ~~desires to employ highly~~ ~~recognizes the importance of hiring~~ qualified ~~temporary athletic team~~ coaches for the district's sports and interscholastic athletic programs in order to enhance the knowledge, skills, motivation, and safety of student athletes.~~program.~~

(cf. 6142.7 - Physical Education and Activity)

(cf. 6145.2 - Athletic Competition)

The Superintendent or designee may hire a certificated or noncertificated employee, other than a substitute employee, to supervise or instruct interscholastic athletic activities as a temporary employee in a limited assignment capacity. (5 CCR 5590)

(cf. 4121 - Temporary/Substitute Personnel)

Note: When hiring a temporary athletic team coach, Education Code 44919 requires districts to first make the position available to a credentialed teacher presently employed by the district. In CTA v. Rialto Unified School District, the California Supreme Court held that the law is intended to grant a current certificated employee a limited advantage in the hiring process over a noncertificated employee or a nonemployee, provided that the applicant applies for the position and meets qualification criteria established by the district.

When hiring a person to fill a position as a temporary athletic team coach, the position shall first be made available to qualified certificated teachers currently employed by the district. (Education Code 44919)

Note: 5 CCR 5596 specifies a code of ethical conduct for athletic coaches; see the accompanying administrative regulation. In addition, the California Interscholastic Federation (CIF) has adopted a set of principles to guide the conduct of coaches and other participants in interscholastic athletic competitions; see BP 6145.2 - Athletic Competition.

All coaches shall be subject to Board policies, administrative regulations, and California Interscholastic Federation bylaws and codes of ethical conduct.

(cf. 4118 - Dismissal/Suspension/Disciplinary Action)

(cf. 4218 - Dismissal/Suspension/Disciplinary Action)

(cf. 5131.1 - Bus Conduct)

(cf. 5131.63 - Steroids)

(cf. 5141.1 - Child Abuse Prevention and Reporting)

Noncertificated coaches shall have no authority to assign grades to students. (5 CCR 5591)

(cf. 5121 - Grades/Evaluation of Student Achievement)

Qualifications and Training

Note: 5 CCR 5593 establishes the minimum qualifications for employees serving as temporary athletic team coaches; see the accompanying administrative regulation.

The Superintendent or designee shall establish qualification criteria for all athletic coaches in accordance with law and ~~with district standards, and priorities.~~ These criteria shall ensure that ~~all temporary~~ coaches possess an appropriate level of competence, knowledge, and skill.

Note: Pursuant to Education Code 49024, any noncertificated employee or volunteer who works with students in a district-sponsored student activity program, such as an interscholastic athletic program, is required to obtain an Activity Supervisor Clearance Certificate (ASCC) from the Commission on Teacher Credentialing, unless the district requires the candidate to clear a Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) criminal background check. See BP/AR 1240 - Volunteer Assistance and AR 4112.5/4212.5/4312.5 - Criminal Record Check. Thus, the Governing Board may (1) choose to require a temporary athletic team coach to obtain the ASCC or a DOJ/FBI criminal background check; (2) permit an individual, at his/her discretion, to obtain either the ASCC or DOJ/FBI check; or (3) apply different requirements to different positions in the district (e.g., head coaches vs. assistant coaches; employees vs. volunteers). The following paragraph should be modified to reflect district practice.

In addition, Education Code 45125.01 allows multiple districts within a county or within contiguous counties to share criminal record information of noncertificated employees and volunteers working in a student activity program.

~~Any certificated teacher employed by the district who applies for a position as a temporary athletic team coach and who satisfies the qualification criteria established for the position shall first be offered the position. (Education Code 44919)~~

Any noncertificated employee or volunteer who works with students in a district-sponsored interscholastic athletic program shall, prior to beginning his/her duties, submit to the Superintendent or designee either an Activity Supervisor Clearance Certificate issued by the Commission on Teacher Credentialing or a Department of Justice and Federal Bureau of Investigation criminal background clearance. (Education Code 49024)

(cf. 1240 - Volunteer Assistance)

(cf. 4112.5/4212.5/4312.5 - Criminal Record Check)

Following the selection of a temporary athletic team coach, the Superintendent or designee all coaches shall certify to the Board, at the next regular Board meeting or within 30 days, whichever is sooner, that the coach meets the qualifications and competencies required by 5 CCR 5593. By April 1 of each year, the Board shall certify to the State Board of Education that the provisions of 5 CCR 5593 have been met. (5 CCR 5594)

Note: Education Code 49032 requires that all high school coaches complete a district or CIF-developed coaching education program that meets the guidelines of Education Code 35179.1 and includes training on the signs, symptoms, and appropriate response to concussions. Additionally, Education Code 33479.6, as added by AB

1639 (Ch. 792, Statutes of 2016), requires coaches, beginning July 1, 2017, to complete a training course related to the nature and warning signs of sudden cardiac arrest and to retake such a course every two years thereafter. See the accompanying administrative regulation.

~~(cf. 5131.1 Bus Conduct)~~
~~(cf. 6145.2 Athletic Competition)~~

~~Volunteer Coaches~~

~~Volunteer athletic team coaches shall meet all the qualification criteria required of temporary athletic team coaches employed by the district.~~

~~(cf. In addition, the Superintendent or designee shall regularly report to the Board regarding the extent to which the district's coaches have completed the trainings required by law, including those required pursuant to Education Code 33479.6 and 49032, and by district policy.~~

~~1240 Volunteer Assistance)~~

Legal Reference:

EDUCATION CODE

35179-35179.7 Interscholastic ~~athletics~~athletic program and activities

33479-33479.9 The Eric Parades Sudden Cardiac Arrest Prevention Act

44010 Sex offense

44011 Controlled substance offense

44332-44332.5 Temporary certificates

44424 Conviction of a crime

44808 Liability when students are not on school property

44916 Written statement indicating employment status

44919 Classification of temporary employees

45125.01 Interagency agreements for criminal record information

45347 Instructional aides subject to requirements for classified staff

45349 Use of volunteers to supervise or instruct students

49024 Activity Supervisor Clearance Certificate

49030-49034 Performance-enhancing substances

49406 Examination for tuberculosis

CODE OF REGULATIONS, TITLE 5

5531 Supervision of extracurricular activities ~~of pupils~~

5590-5596 Duties of temporary athletic team coaches

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Neily v. Manhattan Beach Unified School District, (2011) 192 Cal. App. 4th 187

Kavanaugh v. West Sonoma County Union High School District, (2003) 29 Cal. 4th 911

CTA v. Rialto Unified School District, (1997) →14 Cal. 4th 627

~~San Jose Teachers Association, CTA, NEA v. Barozzi, (1991) 230 Cal.-App.-3d 1376, 281 Cal. Rptr. 724~~

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Pursuing Victory with Honor, 1999
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10-11 Information on Assembly Bill 346 Concerning the Activity Supervisor Clearance Certificate (ASCC),
July 20, 2010
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CSBA: <http://www.csba.org>
California Athletic Trainers' Association: <http://www.ca-at.org>
California Department of Education: <http://www.cde.ca.gov>
California Interscholastic Federation: <http://www.cifstate.org>
Commission on Teacher Credentialing: <http://www.ctc.ca.gov>
National Athletic Trainers' Association: <http://www.nata.org>

Policy
adopted: May 1998
considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT
Rescue, California

Rescue Union ESD

Board Policy

Education for English Learners

BP 6174

Instruction

Note: The following policy may be revised to reflect district practice. State and federal law establish requirements for the identification, placement, and education of English learners.

Proposition 58 (November 2016) amended Education Code 305-310 to authorize parents/guardians to select a language acquisition program that best suits their child and repealed Education Code 311 thereby eliminating the requirement that parents/guardians request a waiver from the district if they want to enroll their child in a program other than a structured English immersion program. See the section on "Language Acquisition Programs" below.

20 USC 6801-7014 (Title III) provide grant funds that may be used to supplement, but not supplant, funding from other sources for the purpose of ensuring that English learners attain English proficiency and meet the same challenging academic standards that are applicable to all students. During the Federal Program Monitoring (FPM) process, California Department of Education (CDE) staff will expect to see evidence that the district has complied with state and federal requirements. See the CDE web site for FPM compliance monitoring instruments.

The Governing Board intends to provide English learners with challenging curriculum and instruction that develop proficiency in English ~~as rapidly and effectively as possible~~ while facilitating student achievement in the district's regular course of study.

Note: Pursuant to Education Code 42238.02 and 42238.03, the local control funding formula provides additional funding based on the number and concentration of unduplicated counts of students who are English learners, foster youth, and/or eligible for free or reduced-price meals. Such funds must be used to increase or improve services for unduplicated students at least in proportion to the increase in funds apportioned on the basis of the number or concentration of unduplicated students; see BP 3100 - Budget.

In addition, Education Code 52060 requires the district's local control and accountability plan (LCAP) to include annual goals and specific actions, aligned to state and local priorities, for all students and for each "numerically significant" student subgroup as defined in Education Code 52052, including English learners; see BP/AR 0460 - Local Control and Accountability Plan.

The district shall identify in its local control and accountability plan (LCAP) goals and specific actions and services to enhance student engagement, academic achievement, and other outcomes for English learners.

(cf. 0460 - Local Control and Accountability Plan)

(cf. 3100 - Budget)

Note: The following paragraph may be revised to reflect district strategies for parent/guardian and community involvement. Education Code 305, as amended by Proposition 58 (November 2016), requires the district to solicit input on language acquisition programs as part of the parent and community engagement process during the development of the LCAP; see section on "Language Acquisition Programs" below. In addition, if district enrollment includes at least 15 percent English learners, with at least 50

students who are English learners, Education Code 52063 requires the establishment of an English learner parent advisory committee to review and comment on the district's LCAP; see the accompanying administrative regulation and BP 0460 - Local Control and Accountability Plan.

The Superintendent or designee shall encourage parent/guardian and community involvement in the development and evaluation of programs for English learners.

(cf. 0420 - School Plans/Site Councils)

(cf. 1220 - Citizen Advisory Committees)

(cf. 6020 - Parent Involvement)

Note: Pursuant to Education Code 60811, in November 2012 the State Board of Education (SBE) adopted state academic content standards for English language development (ELD), aligned with the California Common Core State Standards for English language arts, for students whose primary language is a language other than English. In July 2014, the SBE adopted the English Language Arts/English Language Development Framework aligned to those standards. A supplementary resource, Integrating the CA ELD Standards into K-12 Mathematics and Science Teaching and Learning, specifies the correspondence between the state ELD standards and the California Common Core State Standards for mathematics and the Next Generation Science Standards.

English learners shall be provided English language development instruction targeted to their English proficiency level and aligned with the state content standards and curriculum framework. The district's program shall be based on sound instructional theory, use standards-aligned instructional materials, and assist students in accessing the full educational program.

(cf. 6011 - Academic Standards)

(cf. 6141 - Curriculum Development and Evaluation)

(cf. 6161.1 - Selection and Evaluation of Instructional Materials)

(cf. 6161.11 - Supplementary Instructional Materials)

(cf. 6171 - Title I Programs)

Note: Commission on Teacher Credentialing (CTC) leaflet CL-622, Serving English Learners, describes requirements pertaining to the qualifications of teachers of English learners. A teacher who is assigned to provide English language development, specially designed academic instruction in English, and/or primary language instruction to English learners must hold an appropriate authorization from the CTC; see AR 4112.22 - Staff Teaching English Language Learners.

The Superintendent or designee shall ensure that all staff employed to teach English learners possess the appropriate authorization from the Commission on Teacher Credentialing.

(cf. 4112.22 - Staff Teaching English ~~Language~~ Learners)

Note: The following paragraph is for use by districts that receive federal Title III funds to improve the education of English learners. 20 USC 6825 lists the required uses of such funds, including the provision of professional development of sufficient intensity and duration to have a positive and lasting impact on teachers' performance in the classroom. Pursuant to 20 USC 6825, such professional development must not include one-day or short-term workshops and conferences. Districts that do not receive Title III funds may delete or adapt the following paragraph to reflect district practice.

BP 6174(c)

The district shall provide effective professional development to teachers (including teachers in classroom settings that are not the settings of language instruction educational programs), administrators, and other school or community-based organization personnel. The Superintendent

~~or designee shall provide to teachers, administrators, and other school staff research-based professional development that is designed~~ to improve the instruction and assessment of English learners and enhance staff's ability to understand and use curricula, assessment, and instructional strategies for English learners. Such professional development shall be of sufficient intensity and duration to produce a positive and lasting impact on teachers' performance in the classroom. (20 USC 6825)

(cf. 4131 - Staff Development)

(cf. 4231 - Staff Development)

(cf. 4331 - Staff Development)

~~ToThe Superintendent or designee shall encourage parent/guardian and community involvement in the development, implementation, and evaluation of English language development programs. In addition, to~~ support students' English language development, the Superintendent or designee may provide an adult literacy training program that leads to English fluency for parents/guardians and community members.

~~*(cf. 0420 - School Plans/Site Councils)*~~

~~*(cf. 1220 - Citizen Advisory Committees)*~~

~~*(cf. 6020 - Parent Involvement)*~~

Identification and Assessment

Note: Education Code 313 requires any district that has one or more students who are English learners to assess the English language proficiency of those students using a state assessment designated by the SBE. The state is transitioning from the California English Language Development Test (CELDT) to the English Language Proficiency Assessments for California (ELPAC), which are aligned with the 2012 state standards for ELD. The ELPAC will include a summative assessment, operational in spring 2018, for determining English learners' level of English proficiency and their progress in acquiring the skills of listening, speaking, reading, and writing in English. The ELPAC's initial screening test for identifying students who may be English learners will be operational July 1, 2018. The CDE also provides a home language survey to be used to identify students who should be tested for English proficiency. See the accompanying administrative regulation for further information about test administration and identification and reclassification criteria.

The Superintendent or designee shall maintain procedures ~~which provide~~ for the accurate identification of English learners and an assessment of their proficiency and needs in the areas of listening, speaking, reading, and writing in English. _

Once identified as an English learner, a student shall be annually assessed for language proficiency until he/she is reclassified based on criteria specified in the accompanying administrative regulation.

Note: In addition to testing the level of English proficiency of English learners, districts are required pursuant to Education Code 60640 to administer the California Assessment of Student Performance and Progress to English learners; see BP/AR 6162.51 - State Academic Achievement Tests. As needed, English learners may be provided with the testing resources (i.e., universal tools, designated supports, and accommodations) specified in 5 CCR 853.5 and 853.7 during test administration.

Education Code 60640 also authorizes districts to administer a primary language assessment to English learners in grades 2-11 for the purpose of assessing students' competency in reading, writing, and listening in their primary

language. The Standards-Based Test in Spanish may be used for this purpose until a test is available that is aligned with the most recent state ELD standards. The new California Spanish Assessment is expected to be operational in the 2018-19 school year.

English learners' academic achievement in English language arts, mathematics, science, and any additional subject required by law shall be assessed using the California Assessment of Student Performance and Progress. As necessary, the test shall be administered with **allowable** testing variations in accordance with 5 CCR 853.5 and 853.7. English learners who are in their first 12 months of attending a school in the United States shall be exempted from taking the English language arts assessment to the extent allowed by federal law. (Education Code 60603, 60640; 5 CCR 853.5, 853.7)

(cf. 6152.51 - State Academic Achievement Tests)

Language Acquisition Programs

Note: Effective July 1, 2017, Proposition 58 (November 2016) amended Education Code 305-310 and repealed Education Code 311 to authorize parents/guardians to select a language acquisition program that best suits their child. At a minimum, the district must offer a structured English immersion program. It also may offer a dual-language immersion program, transitional and developmental program for English learners, or other language acquisition program, as defined in Education Code 306; see the accompanying administrative regulation. The following section may be revised to reflect programs offered by the district.

Pursuant to Education Code 310, as amended, when the parents/guardians of 30 or more students at a school or 20 or more students in any grade level at the school request a particular language acquisition program, the district shall offer that program at the school site to the extent possible.

In establishing the district's language acquisition programs, the Superintendent or designee shall consult with parents/guardians and the community during the LCAP development process. He/she shall also consult with administrators, teachers, and other personnel with appropriate authorizations and experience in establishing a language acquisition program. (Education Code 305)

Language acquisition programs are educational programs that are designed to ensure English acquisition as rapidly and as effectively as possible and that provide instruction to students on the state-adopted academic content standards, including the English language development standards. The language acquisition programs provided to students shall be informed by research and shall lead to grade-level proficiency and academic achievement in both English and another language. (Education Code 306)

The district shall offer English learners a structured English immersion program to ensure that English learners have access to the core academic content standards, including the English language development standards, and become proficient in English. In the structured

English immersion program, nearly all of the classroom instruction shall be provided in English, but with the curriculum and presentation designed for students who are learning English. (Education Code 305-306)

Note: The following **optional** paragraph may be revised to reflect district practice. The Education Code does not define the term "nearly all" for purposes of ensuring that nearly all instruction in the structured English immersion program is provided in English pursuant to Education Code 306. The following paragraph defines "nearly all" as to provide that all classroom instruction be conducted in English except for clarification, explanation, and support as needed. The district could instead establish a minimum percentage of classroom instructional time to be conducted in English or specify the types of courses to be conducted in English and the courses (e.g., science, algebra) to be taught in the student's primary language.

For the purpose of determining the amount of instruction to be conducted in English in the structured English immersion program, "nearly all"~~For the purpose of determining the amount of instruction to be conducted in English,~~ means that all classroom instruction shall be conducted in English except for clarification, explanation, and support as needed.

Note: Items #1-2 below are **optional** and may be revised to reflect district practice.

In addition, language acquisition programs offered by the district may include, but are not limited to, the following: (Education Code 305-306)

1. The district may offer a dual-language immersion program that provides integrated language learning and academic instruction for native speakers of English and native speakers of another language, with the goals of high academic achievement, first and second language proficiency, and cross-cultural understanding.

(cf. 6142.2 - World/Foreign Language Instruction)

2. The district may offer a transitional or developmental program for English learners that provides literacy and academic instruction in English and a student's native language and that enables an English learner to achieve English proficiency and academic mastery of subject matter content and higher order thinking skills, including critical thinking, in order to meet state academic content standards.

Parents/guardians of English learners may choose a language acquisition program that best suits their child. To the extent possible, any language acquisition program requested by the parents/guardians of 30 or more students at the school or by the parents/guardians of 20 or more students at any grade level shall be offered by the school. (Education Code 310)

Note: The following paragraph is for use by districts that maintain any of grades K-3. Education Code 310, as amended by Proposition 58 (November 2016), requires that language acquisition programs in grades K-3 comply with class size requirements specified in Education Code 42238.02. For further information, see BP 6151 - Class Size.

The district's language acquisition programs for grades K-3 shall comply with class size requirements specified in Education Code 42238.02. (Education Code 310)

(cf. 6151 - Class Size)

Note: Education Code 310, as amended by Proposition 58 (November 2016), requires any district that implements a language acquisition program to distribute the following notification when a student enrolls in school or as part of the annual notification issued pursuant to Education Code 48980.

At the beginning of each school year or upon a student's enrollment, parents/guardians shall be provided information on the types of language acquisition programs available to students enrolled in the district, including, but not limited to, a description of each program. (Education Code 310)

(cf. 5145.6 - Parental Notifications)

Note: As amended by Proposition 58 (November 2016), Education Code 305 no longer specifies that enrollment in a structured English immersion program is "not normally intended to exceed one year," nor does it address a timeline for students to be transferred from any other language acquisition program into an English language mainstream classroom. However, an English learner may transfer to an English language mainstream classroom when he/she has developed the English language skills necessary to succeed in an English-only classroom and, based on criteria established pursuant to Education Code 313 and 52164.6, is reclassified as fluent English proficient. See the accompanying administrative regulation. Furthermore, pursuant to 20 USC 6312, 34 CFR 100.3, and 5 CCR 11301, parents/guardians have a right to decline or opt their child out of a language acquisition program.

When an English learner is determined pursuant to state and district reclassification criteria to have ~~has~~ acquired a reasonable level of English proficiency pursuant to Education Code 313 and 52164.6, or upon request by the student's parent/guardian, the student shall be transferred from a language acquisition program into an English language mainstream classroom. ~~as measured by any of the state designated assessments approved by the California Department of Education, any district assessments, and/or other criteria adopted~~

Program Evaluation

Note: The following section may be revised to reflect indicators agreed upon by the Board and Superintendent or designee for measuring the effectiveness of the district's educational program for English learners.

Education Code 52061 requires that the annual update of the LCAP include a review of progress toward the goals included in the LCAP, an assessment of the effectiveness of the specific actions described in the LCAP toward achieving the goals, and a description of changes the district will make as a result of this review and assessment.

Pursuant to Education Code 313.2, the CDE is required to annually determine the number of students in each district and school who are, or at risk of becoming, long-term English learners and to report that information to districts and schools. Definitions of "long-term English learner" and "English learner at risk of becoming a long-term English learner" are contained in Education Code 313.1.

The federal Every Student Succeeds Act (ESSA) (P.L. 114-95) repealed 20 USC 6842, thereby eliminating the requirement that districts receiving federal Title III funding (20 USC 6841-6849) reach "annual measurable achievement objectives," including annual increases in the number or percentage of English learners making progress in English proficiency. Instead, 20 USC 6311, as amended by the ESSA, requires the inclusion of a performance indicator on English language proficiency within the state accountability system under Title I.

~~, he/she shall be transferred from a structured English immersion classroom to an English language mainstream classroom in which the instruction is overwhelmingly in English. (Education Code 305-306; 5 CCR 11301)~~

~~(cf. 6162.5 Student Assessment)~~

~~An English learner has acquired a "reasonable level of English proficiency" when he/she has achieved the following: A level of Intermediate, Early Advanced, or Advanced on the California English Language Development Test (CELDT), or equivalent level on other measures.~~

~~At any time during the school year, the parent/guardian of an English learner may have his/her child moved into an English language mainstream program. (5 CCR 11301)~~

~~Parental Exception Waivers~~

~~When allowed by law, the parent/guardian of an English learner may submit a request that his/her child be exempted from placement in a structured English immersion program and instead be placed in a class where he/she is taught English and other subjects through bilingual education techniques or other generally recognized educational methodologies permitted by law. (Education Code 310-311)~~

~~Each waiver request shall be considered on its individual merits with deference given to the parent/guardian's preference for student placement.~~

~~A waiver request shall be granted in accordance with law unless the principal and educational staff have determined that an alternative program would not be better suited to the student's overall educational development. (5 CCR 11309)~~

~~If the Superintendent or designee denies the waiver request, he/she shall provide a written justification to the parent/guardian describing the reasons for the denial. A parent/guardian may appeal the decision in writing to the Board. The Board may consider the matter at its next regular Board meeting. The Board may decide not to hear the appeal, in which case the Superintendent's decision shall be final. If the Board hears the appeal, the Superintendent shall send the Board's decision to the parent/guardian within seven working days.~~

~~Program Evaluation~~

To evaluate the effectiveness of the district's educational program for English learners, the Superintendent or designee shall report to the Board, at least annually, regarding:

1. Progress of English learners towards proficiency in English
2. The number and percentage of English learners reclassified as fluent English proficient
3. The number and percentage of English learners who are or are at risk of being classified as long-term English learners in accordance with Education Code 313.1

4. The achievement of English learners on standards-based tests in core curricular areas
5. Progress toward any other goals for English learners identified in the district's LCAP
6. A comparison of current data with data from at least the previous year.

The Superintendent or designee also shall provide the Board with regular reports from any district or schoolwide English learner advisory committees.

Legal Reference:

EDUCATION CODE

300-340 English language education, especially:

305-310 Language acquisition programs

313-313.5 Assessment of English proficiency

430-446 English Learner and Immigrant Pupil Federal Conformity Act

33050 State Board of Education waiver authority

42238.02-42238.03 Local control funding formula

44253.1-44253.11 Qualifications for teaching English learners

48980 Parental notifications

48985 Notices to parents in language other than English

52052 ~~Numerically~~Academic Performance Index; numerically significant student subgroups

52060-52077 Local control and accountability plan

52130-52135 Impacted Languages Act of 1984

52160-52178 Bilingual Bicultural Act

56305 CDE manual on English learners with disabilities

60603 Definition, recently arrived English learner

~~60200.7—Suspension of state instructional materials adoptions~~

60605.87 Supplemental instructional materials, English language development

60640 California Assessment of Student Performance and Progress

60810-60812 Assessment of language development

62005.5 Continuation of advisory committee after program sunsets

CODE OF REGULATIONS, TITLE 5

853.5-853.7 Test administration; universal tools, designated supports, and accommodations

11300-11316 English learner education

11510-11517 California English Language Development Test

UNITED STATES CODE, TITLE 20

1412 Individuals with Disabilities Education Act; state eligibility

1701-1705 Equal Educational Opportunities Act

6311 Title I state plan

6312 ~~Title I local~~Local education agency plans

6801-~~7014~~6871 Title III, ~~language~~Language instruction for ~~limited~~-English ~~learners~~proficient and immigrant students

7801 Definitions

CODE OF FEDERAL REGULATIONS, TITLE 34

100.3 Discrimination prohibited

200.16 Assessment of English learners

~~7012—Parental notification~~

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English Learners in Focus, Issue 2: The Promise of Two-Way Immersion Programs, Governance Brief, September 2014

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California English Language Development Test (CELDT): 2013-14 CELDT Information Guide, 2013

English Language Arts/English Language Development Framework for California Public Schools:

Transitional Kindergarten Through Grade Twelve, 2014

Common Core State Standards for Mathematics, rev. 2013

Next Generation Science Standards for California Public Schools, Kindergarten through Grade Twelve, 2013

English Language Development Standards for California Public Schools: Kindergarten Through Grade Twelve, 2012

Matrix of Test Variations, Accommodations, and Modifications for Administration of California Statewide Assessments

U.S. DEPARTMENT OF EDUCATION PUBLICATIONS ~~NONREGULATORY GUIDANCE~~

Accountability for English Learners Under the ESEA, Non-Regulatory Guidance, January 2017

English Learner Tool Kit for State and Local Educational Agencies (SEAs and LEAs), rev. November 2016

English Learners and Title III of the Elementary and Secondary Education Act (ESEA), as Amended by the Every Student Succeeds Act (ESSA), Non-Regulatory Guidance, September 23, 2016

Dear Colleague Letter: English Learner Students and Limited English Proficient Parents, January 7, 2015

Assessment and Accountability for Recently Arrived and Former Limited English Proficient (LEP)

Students, May 2007

WEB SITES

CSBA: <http://www.csba.org>

California Association for Bilingual Education: <http://www.gocabe.org>

California Department of Education: <http://www.cde.ca.gov/sp/el>

National Clearinghouse for English Language Acquisition: <http://www.ncela.us>

U.S. Department of Education: <http://www.ed.gov>

Policy

adopted: September 2004

revised: February 26, 2013

revised: October 13, 2015

considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

Rescue, California

Rescue Union ESD

Administrative Regulation

Education For English Language Learners

AR 6174
Instruction

Definitions

Note: The following section reflects definitions in Education Code 306, as amended by Proposition 58 (November 2016).

English learner means a student who is age 3-21 years, who is enrolled or is preparing to enroll in an elementary or secondary school, and whose difficulties in speaking, reading, writing, or understanding the English language may be sufficient to deny the student the ability to meet state academic standards, the ability to successfully achieve in classrooms where the language of instruction is English, or the opportunity to participate fully in society. An English learner may include a student who was not born in the United States or whose native language is a language other than English; a student who is Native American or Alaska Native, or a native resident of the outlying areas, who comes from an environment where a language other than English has had a significant impact on the individual's level of English language proficiency; or a student who is migratory, whose native language is a language other than English, and who comes from an environment where a language other than English is dominant. (Education Code 306; 20 USC 7801)

~~Native speaker of English learner, also known as a limited English proficient student, means a student who does not speak English or whose native language is not English and who is not currently able to perform ordinary classroom work in English. (Education Code 306)~~

~~English language classroom means a classroom in which the language of instruction used by the teaching personnel is overwhelmingly the English language, and in which such teaching personnel possess a good knowledge of the English language. (Education Code 306)~~

~~English language mainstream classroom means a classroom in which the students either are native-English speakers or already have acquired reasonable fluency in English in his/her home from early childhood and English has been his/her primary means of concept formation and communication. (Education Code 306)~~

~~Structured English immersion (also known as "sheltered English immersion") means an English language acquisition process in which nearly all classroom instruction is in English but with the curriculum and presentation designed for students who are learning the language. (Education Code 306)~~

~~Bilingual education/native language instruction means a language acquisition process for~~

~~students in which much or all instruction, textbooks, and teaching materials are in the student's native language.—(Education Code 306)~~

Identification and Assessments

Note: Education Code 52164.1 and 5 CCR 11307 require the district to administer a home language survey to all enrolled students. A sample home language survey form in English and Spanish is available on the California Department of Education's (CDE) web site.

Upon enrollment in the district, each student's primary language shall be determined through the use of a home language survey. (Education Code 52164.1; 5 CCR 11307)

Note: When the home language survey indicates that a student's proficiency in English should be tested, Education Code 313 requires the district to administer a state assessment of English language proficiency. When fully operational in 2018, the English Language Proficiency Assessments for California (ELPAC) will be used for initial identification of language proficiency and subsequently for annual assessment of language proficiency.

Any student who is identified as having a primary language other than English as determined by the home language survey, and who has not previously been identified as an English learner by a California public school or for whom there is no record of results from an administration of an English language proficiency test, shall be assessed for English proficiency using the state's designated English language proficiency test for initial identification. (Education Code 313, 52164.1; 5 CCR 11511)

Each year after a student is identified as an English learner and until he/she is redesignated as English proficient, the summative assessment of the state's designated English language proficiency test shall be administered to the student during a four-month period after January 1 as determined by the California Department of Education. (Education Code 313)

Note: 5 CCR 11516-11516.6 specify allowable variations and accommodations in the administration of the state English language proficiency assessment. These variations and accommodations are generally the same as those allowed for other state assessments; see AR 6162.51 - State Academic Achievement Tests.

The state assessment shall be administered in accordance with test publisher instructions and 5 CCR 11511-11516.6~~7~~. Variations and accommodations in test administration may be provided to English learners pursuant to 5 CCR 11516-11516.6.

Note: The Individuals with Disabilities in Education Act (20 USC 1412) requires that students with disabilities be included in all state assessments, including the annual assessment of English language proficiency as appropriate. English learners with disabilities must be allowed to take the test with accommodations as specified in their individualized education program or Section 504 plan. Pursuant to 5 CCR 11516.7, students with the most significant cognitive disabilities who cannot participate in the assessment, even with appropriate accommodations, must be given an alternate assessment of English proficiency. 34 CFR 200.16, as amended by 81 Fed. Reg. 86076, provides that, if an English learner with a disability is unable to take the assessment with accommodations, the state accountability system must include the student's score on any part(s) of the test for which it is possible to assess the student (i.e., speaking, reading, listening, writing).

Education Code 56305, as added by AB 2785 (Ch. 579, Statutes of 2016), requires the CDE to develop, by July 1, 2018, a manual providing guidance on identifying, assessing, supporting, and reclassifying English learners with disabilities.

~~7.~~ Any student with a disability who is identified as an English learner shall be allowed to take the assessment with those accommodations for testing that the student has regularly used during instruction and classroom assessment as delineated in the student's individualized education program (IEP) or Section 504 plan. ~~that are appropriate and necessary to address the student's individual needs.~~ If ~~the student~~he/she is unable to participate in the assessment or a portion of the assessment even with such accommodations, ~~he/she shall be administered~~ an alternate assessment for English language proficiency shall be administered to the student as set forth in his/her IEP. (5 CCR 11516-11516.7; 20 USC 1412)

(cf. 6152.51 - State Academic Achievement Tests)

(cf. 6159 - Individualized Education Program)

(cf. 6164.6 - Identification and Education Under Section 504)

Note: The remainder of this section specifies notifications that must be sent to parents/guardians regarding assessment results and available programs for English learners. The CDE has developed sample notification letters, available on its web site in multiple translations, to notify parents/guardians of the initial identification of a student as an English learner or as initially fluent English proficient and to notify them of the results of an annual assessment.

Pursuant to Education Code 48985, when 15 percent or more of students enrolled in a school speak a single primary language other than English, all notices and reports sent to their parents/guardians must be written in English and in the primary language and may be answered by the parent/guardian in either language.

The Superintendent or designee ~~Parental Notifications~~

~~The Superintendent or designee shall provide the following written notifications to parents/guardians of English learners:~~

~~1. Assessment Notification:~~ The district shall notify parents/guardians of their child's results on the state's English language proficiency assessment within 30 calendar days following receipt of the results from the test contractor. (Education Code 52164.1; 5 CCR 11511.5)

(cf. 5145.6 - Parental Notifications)

Note: The following paragraph is for use by districts that receive federal funds under either Title I or Title III for services to English learners. Such districts are required to provide parents/guardians with notification of their child's identification as an English learner and placement in a language acquisition program. The Every Student Succeeds Act (P.L. 114-95) repealed 20 USC 7012 and moved the notification requirement to 20 USC 6312. __

~~The~~ 2. Placement Notification: At the beginning of each school year, parents/guardians shall be informed of the placement of their child in a structured English immersion program and shall be notified of an opportunity to apply for a parental exception waiver. (Education Code 310; 5 CCR 11309)

~~3. Title III Notifications: Each~~ parent/guardian of a student participating in, or identified for participation in, a language instruction program supported by federal Title ~~I or Title~~ III funds shall receive notification of the assessment of his/her child's English proficiency. Such notice shall be provided not later than 30 calendar days after the beginning of the school year or, if the student is identified for program participation during the school year, within two weeks of the student's placement in the program. The notice shall include all of the following: (Education Code 440; 20 USC ~~63127012~~)

~~1a.~~ The reason for the ~~identification of the student~~~~student's classification~~ as an English learner ~~and the need for placement in a language acquisition program~~

~~2b.~~ The level of English proficiency, how the level was assessed, and the status of the student's academic achievement

~~3e.~~ A description of the ~~program for English~~ language ~~acquisition program in which the student is, or will be, participating~~~~development instruction~~, including a description of all of the following:

~~a.~~ ~~The methods of instruction used in the program and in other available programs, including how such programs differ in content, instructional goals, and the use of English and a native language in instruction~~

~~b.(1)~~ The manner in which the program will meet the educational strengths and needs of the student

~~c.~~ ~~(2)~~ The manner in which the program will help the student develop his/her English proficiency and meet age-appropriate academic standards ~~for grade promotion and graduation~~

~~d.(3)~~ The specific exit requirements for the program, the expected rate of transition from the program into classes not tailored for English learners, and the expected rate of graduation from secondary school if applicable_

~~e.(4)~~ Where the student has been identified for special education, the manner in which the program meets the requirements of the student's IEP

~~4.~~ ~~Information about the parent/guardian's right to have the student immediately removed from a program upon the parent/guardian's request~~

~~5d.~~ Information regarding a parent/guardian's option to decline to ~~enroll~~~~allow~~ the student ~~to be enrolled~~ in the program or to choose ~~another program or method of instruction, if available~~~~to allow the student to be enrolled in an alternative program~~

~~6e.~~ Information designed to assist a parent/guardian in selecting among available programs, if more than one program ~~or method~~ is offered

~~4. Annual Measurable Objectives Notification: If the district fails to make progress on the~~

~~annual measurable achievement objectives for English learners established pursuant to 20 USC 6842, the Superintendent or designee shall, within 30 days after such failure occurs, send a notification regarding such failure to the parents/guardians of each student identified for participation in a language instruction educational program supported by Title III funds. (20 USC 7012)~~

~~Parental Exception Waivers~~

~~A parent/guardian may, by personally visiting the school, request that the district waive the requirements pertaining to the placement of his/her child in a structured English immersion program if one of the following circumstances exists:— (Education Code 310-311)~~

~~1.The student already possesses sufficient English language skills, as measured by standardized tests of English vocabulary comprehension, reading, and writing, in which the student scores at or above the state average for his/her grade level or at or above the fifth grade average, whichever is lower.~~

~~2.The student is age 10 years or older, and it is the informed belief of the principal and educational staff that an alternate course of study would be better suited to the student's rapid acquisition of basic English skills.~~

~~3.The student already has been placed, for a period of not less than 30 calendar days during that school year, in an English language classroom and it is subsequently the informed belief of the principal and educational staff that the student has special physical, emotional, psychological, or educational needs and that an alternate course of educational study would be better suited to the student's overall educational development.~~

~~Upon request for a waiver, the Superintendent or designee shall provide parents/guardians with a full written description and, upon request, a spoken description of the intent and content of the structured English immersion program, any alternative courses of study, all educational opportunities offered by the district and available to the student, and the educational materials to be used in the different educational program choices. For a request for waiver pursuant to item #3 above, the Superintendent or designee shall notify the parent/guardian that the student must be placed for a period of not less than 30 calendar days in an English language classroom and that the waiver must be approved by the Superintendent pursuant to any guidelines established by the Governing Board.—(Education Code 310, 311; 5 CCR 11309)~~

~~The principal and educational staff may recommend a waiver to a parent/guardian pursuant to item #2 or #3 above. Parents/guardians shall be informed in writing of any recommendation for an alternative program made by the principal and staff and shall be given notice of their right to refuse to accept the recommendation. The notice shall include a full description of the recommended alternative program and the educational materials to be used for the alternative program as well as a description of all other programs available to the student. If the parent/guardian elects to request the alternative program recommended by the principal and educational staff, the parent/guardian shall comply with district procedures and requirements otherwise applicable to a parental exception waiver, including Education Code 310.—(Education~~

~~Code 311; 5 CCR 11309)~~

~~When evaluating waiver requests pursuant to item #1 above and other waiver requests for those students for whom standardized assessment data are not available, other equivalent assessment measures may be used. These equivalent measures may include district standards and assessment and teacher evaluations of such students.~~

~~Parental exception waivers pursuant to item #2 above shall be granted if it is the informed belief of the principal and educational staff that an alternate course of educational study would be better suited to the student's rapid acquisition of basic English language skills.—(Education Code 311)~~

~~Parental exception waivers pursuant to item #3 above shall be granted by the Superintendent if it is the informed belief of the principal and educational staff that, due to the student's special physical, emotional, psychological, or educational needs, an alternate course of educational study would be better suited to the student's overall educational development.—(Education Code 311)~~

~~All parental exception waivers shall be acted upon within 20 instructional days of submission to the principal. However, parental waiver requests pursuant to item #3 above shall not be acted upon during the 30-day placement in an English language classroom. Such waivers shall be acted upon no later than 10 calendar days after the expiration of that 30-day English language classroom placement or within 20 instructional days of submission of the waiver to the principal, whichever is later.—(5 CCR 11309)~~

~~Any individual school in which 20 or more students of a given grade level receive a waiver shall offer an alternative class where the students are taught English and other subjects through bilingual education techniques or other generally recognized educational methodologies permitted by law. Otherwise, the students shall be allowed to transfer to a public school in which such a class is offered.—(Education Code 310)~~

~~In cases where a parental exception waiver pursuant to item #2 or #3 above is denied, the parent/guardian shall be informed in writing of the reason(s) for the denial and advised that he/she may appeal the decision to the Board if the Board authorizes such an appeal, or to the court.—(5 CCR 11309)~~

~~Waiver requests shall be renewed annually by the parent/guardian.—(Education Code 310)~~

Reclassification/Redesignation

The district shall continue to provide additional and appropriate educational services to English learners for the purposes of overcoming language barriers until they: (5 CCR 11302)

1. Demonstrate English language proficiency comparable to that of the district's average native English language speakers

2. Recoup any academic deficits which may have been incurred in other areas of the core curriculum as a result of language barriers

English learners shall be reclassified as fluent English proficient when they are able to comprehend, speak, read, and write English well enough to receive instruction in an English language mainstream classroom and make academic progress at a level substantially equivalent to that of students of the same age or grade whose primary language is English and who are in the regular course of study. (Education Code 52164.6)

Note: Education Code 313 and 52164.6 and 5 CCR 11303 require that the district's reclassification process include, at a minimum, the criteria specified in items #1-4 below. The district may expand the following list to reflect any additional criteria it has established. The CDE's CELDT Information Guide includes recommendations for assessing each of the following criteria and states that, for a student with disabilities, the student's IEP team or Section 504 team should determine any supplemental criteria to be used.

The measures ~~shall be~~ used to determine whether an English learner shall be reclassified as fluent English proficient shall include, but not be limited to: (Education Code 313, 52164.6; 5 CCR 11303)

1. Assessment of English language proficiency using an objective assessment instrument, including, but not limited to, the state's English language proficiency assessment
2. Participation of the student's classroom teacher and any other certificated staff with direct responsibility for teaching or placement decisions related to the student
3. Parent/guardian opinion and consultation

 The Superintendent or designee shall provide the parent/guardian with notice and a description of the reclassification process and of his/her opportunity to participate in the process and shall encourage his/her involvement in the process.

Note: Pursuant to Education Code 313, the fourth criterion requires comparison of student performance on an objective assessment of basic skills that provides an empirically established range of performance of English proficient students of the same age. A letter from the CDE to district superintendents (Academic Criterion for Reclassification) dated August 11, 2014 clarifies that, when a state test of basic skills is unavailable, districts must select another measure which may include a local assessment. The CDE correspondence provides examples of appropriate measures and is available on the CDE web site.

4. Student performance on an objective assessment of basic skills in English that shows whether the student is performing at or near grade level

The Superintendent or designee shall monitor the progress of reclassified students to ensure their correct classification and placement. (5 CCR 11304)

Note: The following optional paragraph may be revised to reflect district practice.

The Superintendent or designee shall monitor students for at least two years following their reclassification to determine whether the student needs any additional academic support to ensure his/her language and academic success.

Advisory Committee

Note: The following section should be revised to reflect district practice. Pursuant to 5 CCR 11308, a parent/guardian advisory committee is required for any district with over 50 English learners and for each school with over 20 English learners. Duties of the advisory committee are specified in 5 CCR 11308.

A parent/guardian advisory committee shall be established at the district level when there are more than 50 English learners in the district and at the school level when there are more than 20 English learners at the school. Parents/guardians of English learners shall constitute committee membership in at least the same percentage as English learners represent of the total number of students in the school. (Education Code 52176; 5 CCR 11308)

The district's English language advisory committee shall advise the Governing Board on at least the following tasks: (5 CCR 11308)

1. The development of a district master plan of education programs and services for English learners, taking into consideration the school site plans for English learners
2. The districtwide needs assessment on a school-by-school basis
3. Establishment of a district program, goals, and objectives for programs and services for English learners
4. Development of a plan to ensure compliance with applicable teacher or aide requirements
5. Administration of the annual language census
6. Review of and comment on the district's reclassification procedures

~~7. Review of and comment on the written notification required to be sent to parents/guardians pursuant to 5 CCR 11300-11316~~

(cf. 0420 - School Plans/Site Councils)
(cf. 1220 - Citizen Advisory Committees)
(cf. 5020 - Parent Rights and Responsibilities)
(cf. 6020 - Parent Involvement)

In order to assist the advisory committee in carrying out its responsibilities, the Superintendent or designee shall ensure that committee members receive appropriate training and materials. This training shall be planned in full consultation with the members. (5 CCR 11308)

LCAP Advisory Committee

Note: The following section is applicable if the district's student enrollment includes at least 15 percent English learners, with at least 50 students who are English learners. Education Code 52063 requires that such districts establish an English learner parent advisory committee to review and comment on the district's local control and accountability plan; see BP 0460 - Local Control and Accountability Plan. 5 CCR 15495 requires this committee to include a majority of parents/guardians of English learners.

When there are at least 15 percent English learners in the district, with at least 50 students who are English learners, a district-level English learner parent advisory committee shall be established to review and comment on the district's local control and accountability plan (LCAP) in accordance with BP 0460 - Local Control and Accountability Plan. The committee shall be composed of a majority of parents/guardians of English learners. (Education Code 52063; 5 CCR 15495)

(cf. 0460 - Local Control and Accountability Plan)

The advisory committee established pursuant to 5 CCR 11308, as described in the section "Advisory Committee" above, could serve as the LCAP English learner advisory committee if its composition includes a majority of parents/guardians of English learners.

Regulation
approved: September 2004
revised: February 26, 2013
revised: October 13, 2015
considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT
Rescue, California

DELETE

Rescue Union ESD

Exhibit

Education For English Language Learners

E 6174

Instruction

PARENTAL EXCEPTION WAIVER

EDUCATION CODE 311

Student's Name: Grade:

School: Date of Birth:

Student's Primary Language:

I request a waiver of the placement of my child in the school's structured/sheltered English immersion program for the following reason:

___ My child possesses good English language skills. (Education Code 311(a))

___ My child is 10 years of age or older and I believe that an alternate course of study is better suited to my child's rapid acquisition of English. (Education Code 311(b))

___ I believe that my child has special needs and that an alternate course of study is better suited to his/her educational development. (Education Code 311(c))

I understand that the objective for my child is to be taught English as rapidly and effectively as possible. I have been provided a full written description of the intent and content of the structured English immersion program; any alternative courses of study offered by the district and made available to my child; all educational opportunities offered by the district and made available to my child; and the educational materials to be used in the different educational program choices.

I have personally visited the school to apply for this waiver.

I understand that I must request that this waiver be reconsidered annually, each school year.

Parent/Guardian Signature: Date:

Address:

City: State: Zip:

Phone Number:

For School Use Only:

For waivers pursuant to Education Code 311(a), student's English standardized test scores:
(Scores must be at or above the state average for the child's grade level or above the 5th grade
average) _____

Waiver Granted/Denied: Date: _____

Signature: _____ Title: _____

Exhibit RESCUE UNION SCHOOL DISTRICT
version: February 26, 2013 Rescue, California

Rescue Union ESD

Board Bylaw

Board Member Electronic Communications

BB 9012

Board Bylaws

Note: The following optional Board bylaw should be modified to reflect district practice. The Brown Act (Government Code 54950-54963) requires that Governing Board members conduct district business at properly noticed and agendized public meetings. In general, Board members should keep in mind that, for purposes of the Brown Act, electronic communications are subject to the same conditions and the same rules of confidentiality that are applicable to other forms of communication, such as individual conversations, telephone calls, or paper copies of documents. However, the ease with which electronic communication can be shared and forwarded requires extra caution.

Furthermore, although Board members are not considered employees, there may be tax implications if the district provides Board members with laptop computers or subsidies for an Internet connection. In some circumstances, such provision or reimbursement may be considered a taxable benefit. Also see AR 3513.1 - Cellular Phone Reimbursement.

The Governing Board recognizes that electronic communication ~~among Board members and between Board members, district administration, and members of the public~~ is an efficient and convenient way for Board members to communicate and expedite the exchange of information within the district ~~and to help keep the community informed about the goals, programs, and with members achievements~~ of the public district and its schools. Board members shall exercise caution so as to ensure that electronic communications are not used as a means for the Board to deliberate outside of an agendized Board meeting nor to circumvent the public's right to access records regarding district business.

(cf. 1100 - Communication with the Public)

~~*(cf. 6020 - Parent Involvement)*~~

(cf. 9000 - Role of the Board)

(cf. 9322 - Agenda/Meeting Materials)

Note: Government Code 54952.2 defines a "meeting" as any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the Board. Government Code 54952.2 prohibits a serial meeting, defined as a series of communications involving a majority of the Board to discuss, deliberate, or take action on any item of district business outside of an authorized meeting. Thus, a series of emails, as well as other electronic communications such as postings on an online forum, that ultimately include a majority of the Board could lead to a Brown Act violation. While the safest course of action is to not send an email to another Board member that, if forwarded, could lead to a discussion about district business by a majority of the Board, given the prevalence of email, such a practice may not be practical. However, in order to help prevent an inadvertent violation, Board members may wish to consider including a "do not reply/forward alert" in the subject line of emails, as appropriate.

A majority of the Board shall not, outside of an authorized meeting, use a series of electronic communications of any kind, directly or through intermediaries, to discuss, deliberate, or take

action on any item that is within the subject matter jurisdiction of the Board. (Government Code 54952.2)

(cf. 9320 - Meetings and Notices)

Note: CSBA's Agenda Online is an electronic board meeting agenda service for use by districts and county offices of education which allows development of and access to Board meeting agendas, supporting documents, and minutes from any computer that has Internet access. Further information can be found on CSBA's web site.

Examples of permissible electronic communications concerning district business include, but are not limited to, dissemination of Board meeting agendas and agenda packets, reports of activities from the Superintendent, and reminders regarding meeting times, dates, and places.

Note: The prohibitions in the Brown Act apply only to discussions regarding district business. Like other citizens, Board members are permitted to use email to discuss personal, nondistrict matters.

In addition, Board members may use electronic communications to discuss matters that do not pertain to district business, regardless of the number of Board members participating in the discussion.

Note: The following **optional** paragraph may be revised to reflect district practice. Many districts have established bylaws or other protocols describing how the Board has agreed to handle questions, concerns, or complaints received from members of the community. For example, see BB 9200 - Limits of Board Member Authority and BP 1112 - Media Relations.

Board members shall make every effort to ensure that their electronic communications conform to the same standards and protocols established for other forms of communication. A Board member may respond, as appropriate, to an electronic communication received from a member of the community and should make clear that his/her response does not necessarily reflect the views of the Board as a whole. -Any complaint or request for information should be forwarded to the Superintendent in accordance with Board bylaws and protocols so that the issue may receive proper consideration and be handled through the appropriate district process. As appropriate, communication received from the mediapress shall be forwarded to the designated district spokesperson.-

(cf. 1112 - Media Relations)

(cf. 1312.1 - Complaints Concerning District Employees)

(cf. 1312.2 - Complaints Concerning Instructional Materials)

(cf. 1312.3 - Uniform Complaint Procedures)

(cf. 1312.4 - Williams Uniform Complaint Procedures)

(cf. 3320 - Claims and Actions Against the District)

(cf. 9005 - Governance Standards)

(cf. 9121 - ~~Board~~ President)

(cf. 9200 - Limits of Board Member Authority)

~~*(cf. 9270 - Conflict of Interest)*~~

~~In order to minimize the risk of improper disclosure, shall avoid reference to confidential~~

~~information and information acquired during closed session.~~

~~(cf. 4112.6/4212.6/4312.6— Personnel Files)~~

~~(cf. 5125— Student Records)~~

~~(cf. 9011— Disclosure of Confidential/Privileged Information)~~

~~(cf. 9321— Closed Session Purposes and Agendas)~~

~~Board members may use electronic communications to discuss matters other than district business with each other, regardless of the number of members participating in the discussion.~~

~~Like other writings concerning district business, a Board member's electronic communication may be under~~

~~(cf.~~

~~Note: Electronic communications received and sent by Board members are subject to disclosure upon request pursuant to the California Public Records Act (CPRA) (Government Code 6250-6270) depending on the content of the communication and whether it is "prepared, owned, used, or retained" by the district in its normal course of business. District legal counsel should be consulted as appropriate. Also see BP/AR- 1340 - Access to District Records and BP/AR 3580 - District Records.~~

~~In City of San Jose v. Superior Court, the California Supreme Court held that a public official's communications about public business, even if sent or received on the official's personal account or device, are public records and are not categorically excluded from disclosure under the CPRA. The court observed that the CPRA requires public agencies to use "reasonable effort" to locate existing records in response to a public records request, but that such searches need not be extraordinary or intrusive. For further information, see CSBA's Legal Alert: Tips for Governing Boards in Response to Public Records Act Ruling on Electronic Communications.~~

~~To the extent possible, electronic communications regarding any district-related business shall be transmitted through a district-provided device or account. When any such communication is transmitted through a Board member's personal device or account, he/she shall copy the communication to a district electronic storage device for easy retrieval.~~

~~(cf. [1340 - Access to District Records](#))~~

~~(cf. [3580 - District Records](#))~~

Legal Reference:

EDUCATION CODE

35140 Time and place of meetings

35145 Public meetings

35145.5 Agenda; public participation; regulations

35147 Open meeting law exceptions and applications

GOVERNMENT CODE

6250-6270 California Public Records Act

11135 State programs and activities, discrimination

54950-54963 The Ralph M. Brown Act, especially:

54952.2 Meeting, defined

54953 Meetings to be open and public; attendance

54954.2 Agenda posting requirements, board actions

COURT DECISIONS

[City of San Jose v. Superior Court \(2017\) 2 Cal.5th 608](#)

Management Resources:

CSBA PUBLICATIONS

[Legal Alert: Tips for Governing Boards in Response to Public Records Act Ruling on Electronic Communications, March 2017](#)

[The Brown Act: School Boards and Open Meeting Laws, rev. 20142006](#)

ATTORNEY GENERAL PUBLICATIONS

[The Brown Act: Open Meetings for Legislative Bodies, 2003](#)

LEAGUE OF CALIFORNIA CITIES PUBLICATIONS

~~Open and Public IV: A Guide to the Ralph M. Brown Act, rev. 2007~~

WEB SITES

CSBA: <http://www.csba.org>

CSBA, Agenda Online:

~~<http://www.csba.org/ProductsAndServices/AllServices/Services/GovernanceTechnology/AgendaOnline.aspx>~~

~~Institute for Local Government: <http://www.cacities.org/index.jsp?zone=ilsg>~~

Bylaw

adopted: February 10, 2009

considered: August 1, 2017

RESCUE UNION SCHOOL DISTRICT

Rescue, California

RESCUE UNION SCHOOL DISTRICT

AGENDA ITEM: **Fiscal Analyst** (*New Position*)

BACKGROUND:

The Rescue Union School District has maintained fiscal solvency and soundly managed its budgets during difficult economic times. The complexities of the Local Control Funding Formula, growth in site/district budget oversight and administration, accounting for and reporting on Local Control Accountability Plan actions and expenditures, and a district focus on improving facilities requires personnel with technical skills that surpass the current job description of the Budget Technician position utilized by the District

STATUS:

The position of Fiscal Analyst will provide a more accurate description of the responsibilities, demands, and technical skills required in school business in 2017. In addition to a new title and job description, the position reflects an increase in salary (10%) above the Budget Technician salary range and is commensurate with the education, skills and responsibilities of the Fiscal Analyst position.

FISCAL IMPACT:

The fiscal impact is 10% above the salary range for the Budget Technician position. The savings to the district by maintaining fiscally sound business practices is difficult to calculate but is estimated in the hundreds of thousands of dollars.

BOARD GOAL:

Board Focus Goal II – FISCAL ACCOUNTABILITY:

Keep the district fiscally solvent through prudent LCAP aligned budget processes in order to meet the needs of our students.

RECOMMENDATION:

District staff recommends the Board of Trustees approve the Fiscal Analyst position.

RESCUE UNION SCHOOL DISTRICT

JOB TITLE: FISCAL ANALYST

CLASSIFICATION: Confidential

BASIC FUNCTION:

Under the direction of the Assistant Superintendent of Business Services plan, organize and control the District-wide budget, program budgets, payroll, position control, benefits administration, and accounting activities; monitor budget, payroll, position control, benefits administration and accounting related activities; prepare financial and budget reports required by the State, administration, federal agencies and the Board of Education; train and provide oversight of assigned personnel.

ESSENTIAL FUNCTIONS:

Plan, organize and control District budgets; develop and implement budget guidelines, time lines, policies and procedures; analyze and review budgetary and financial data; develop intermediate and long-range income and expenditure projections; monitor, control and authorize expenditures in accordance with established limitations.

Compile financial and statistical data; develop and implement student attendance accounting systems for the collection and reporting of data required for Average Daily Attendance reporting; prepare related reports and submit to local, State, federal and other funding agencies.

Plan, organize and implement long and short-term programs and activities designed to enhance assigned budgets and financial and accounting activities; develop, implement and monitor accounting systems for a variety of financial functions; coordinate required audits of the District.

Train and provide oversight of accounting, budget, payroll and fiscally related programs to site, department, and district personnel.

Perform research and direct the preparation and maintenance of a variety of financial and statistical reports, records and files related to assigned activities and required by the State, administration, federal agencies and the Board of Education.

Provide technical expertise, information and assistance to the Assistant Superintendent regarding District budgets, accounting and related programs; assist in the formulation and development of policies, procedures and programs to assure an economical, safe and efficient work environment; advise the Assistant Superintendent of unusual trends or problems and recommend appropriate corrective action.

Plan, organize and implement long and short-term programs and activities designed to enhance assigned budgets, accounting systems and programs; assure District compliance with State Education Code budget and accounting requirements.

Communicate with administrators, personnel, outside organizations and the community to coordinate activities and programs, resolve issues and conflicts and exchange information; consult with other departments to enhance budget control and forecasting capabilities.

Operate a computer and assigned software programs; operate other office equipment as assigned; operate a vehicle to conduct work.

Attend and conduct a variety of meetings as assigned.

Perform related duties as assigned.

DEMONSTRATED KNOWLEDGE AND ABILITIES:

KNOWLEDGE OF:

Planning, organization and implementation of District-wide budgets.

Budget administration, preparation and control.

Financial analysis and projection techniques.

Generally accepted accounting and auditing principles, practices and procedures.

Accounting and budget functions of a school district.

Financial and statistical record-keeping techniques.

Oral and written communication skills.

Principles and practices of administration, supervision and training.

Applicable laws, codes, regulations, policies and procedures.

Interpersonal skills using tact, patience and courtesy.

Operation of a computer and assigned software.

ABILITY TO:

Plan, organize and control the District-wide budget, program budgets and accounting activities.

Direct budget and accounting related activities.

Train and provide oversight of assigned personnel.

Prepare financial and budget reports required by the State, administration, federal agencies and the Board of Education.

Analyze financial data and prepare forecasts and recommendations.

Compile financial and attendance data and prepare related reports.

Communicate effectively both orally and in writing.

Interpret, apply and explain rules, regulations, policies and procedures.

Establish and maintain cooperative and effective working relationships with others.

Operate a computer and assigned office equipment.

Analyze situations accurately and adopt an effective course of action.

Meet schedules and time lines.

Work independently with little direction.

Plan and organize work.

Direct the maintenance of a variety of reports and files related to assigned activities.

Maintain consistent, punctual and regular attendance.

Hear and speak to exchange information and make presentations.

Move hands and fingers to operate a computer keyboard.

See to read a variety of materials.

EDUCATION AND EXPERIENCE REQUIRED:

Any combination equivalent to: bachelor's degree in business, economics, accounting, finance or related field and five years increasingly responsible experience in the administration of budgets or accounting.

LICENSES AND OTHER REQUIREMENTS:

Valid California Class C driver's license.

WORKING CONDITIONS:

ENVIRONMENT:

Office environment.

Driving a vehicle to conduct work.

Rescue Union School District Confidential Salary Schedule 2017-18 w/ Fiscal Analyst

Classification	Range	Step:										
		1	2	3	4	5	6	7-10	11-15	16-20	21-25	26
12 Month												
Fiscal Analyst	1	4771	5009	5260	5523	5799	6090	6394	6714	7050	7402	7772
(Hrly Rates)		27.52	28.90	30.35	31.86	33.46	35.13	36.89	38.74	40.67	42.70	44.84
12 Month												
Admin. Assistant	2	4337	4554	4782	5021	5272	5536	5813	6104	6409	6729	7065
(Hrly Rates)		25.02	26.27	27.59	28.97	30.42	31.94	33.54	35.22	36.98	38.82	40.76
12 Month												
Budget Technician	2	4337	4554	4782	5021	5272	5536	5813	6104	6409	6729	7065
(Hrly Rates)		25.02	26.27	27.59	28.97	30.42	31.94	33.54	35.22	36.98	38.82	40.76
12 Month												
Payroll Technician	3	3825	4016	4217	4428	4649	4881	5125	5381	5650	5933	6230
Personnel Technician												
(Hrly Rates)		22.07	23.17	24.33	25.55	26.82	28.16	29.57	31.04	32.60	34.23	35.94
12 Month												
Payroll Clerk	4	3510	3686	3870	4064	4267	4480	4704	4939	5186	5445	5717
Personnel Clerk												
(Hrly Rates)		20.25	21.27	22.33	23.45	24.62	25.85	27.14	28.49	29.92	31.41	32.98
12 Month												
District Office Secty.	4	3510	3686	3870	4064	4267	4480	4704	4939	5186	5445	5717
(Hrly Rates)		20.25	21.27	22.33	23.45	24.62	25.85	27.14	28.49	29.92	31.41	32.98
12 Month												
Receptionist	5	2591	2721	2857	3000	3150	3308	3473	3647	3829	4020	4221
(Hrly Rates)		14.95	15.70	16.48	17.31	18.17	19.08	20.04	21.04	22.09	23.19	24.35

Board Adopted:

- August 7, 2001 Effective July 1, 2001 (4.75% Increase)
- August 13, 2002 Approval new positions
- December 10, 2002 Effective July 1, 2002 (2% Increase)
- March 9, 2004 One Time Payment (\$834 for 03-04)
- August 10, 2004 Effective July 1, 2004 (3% Increase)
- March 21, 2006 Effective July 1, 2005 (5% Increase)
- March 21, 2006 Effective July 1, 2006 (6.89% Increase)
- August 8, 2006 Accountant Reclassified from Confidential to Classified Position
- November 14, 2006 DO Clerk (Confidential) Reclassified to Office Clerk (Classified)
- June 12, 2007 Effective July 1, 2007 (4.53% Increase)
- June 10, 2008 Effective July 1, 2008
- August 11, 2009 Effective July 1, 2009
- June 22, 2010 Effective July 1, 2010
- November 20, 2013 Effective July 1, 2013 (5.25% Increase)
- April 14, 2015 Effective July 1, 2014 (4.5% Increase)
- May 10, 2016 Effective July 1, 2015 (4.5% Increase) 2 year agreement
- May 10, 2016 Effective July 1, 2016 (1% Increase) based on passage of Prop 55