PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017 [DRAFT September 21, 2017]

NEW ISSUE
DTC BOOK-ENTRY ONLY

S&P Rating: "__"
Moody's Rating: "__"
See "RATINGS" herein

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolutions authorizing the Bonds and subject to the matters set forth under "LEGAL MATTERS—Tax Matters" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as described herein, corporations.

$___,___,___*
SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2014, SERIES 2017

$___,___,000*
SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2017 GENERAL OBLIGATION
REFUNDING BONDS

DATED: Date of Delivery **DUE: July 1, as shown on the inside cover**

The Santa Clara Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2014, Series 2017 in the aggregate principal amount of $___,___,___* (the "Series 2017 Bonds") are being issued by Santa Clara Unified School District (the "District") to (i) finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 4, 2014, and (ii) pay costs of issuance of the Series 2017 Bonds. See "THE BONDS—Authority for Issuance" herein.

The Santa Clara Unified School District (Santa Clara County, California) 2017 General Obligation Refunding Bonds in the aggregate principal amount of $___,___,000* (the "Refunding Bonds" and, together with the Series 2017 Bonds, the "Bonds") are being issued by the District to (i) refund on an advance basis certain outstanding general obligation bonds of the District originally issued for authorized school purposes and (ii) pay costs of issuance of the Refunding Bonds. See "PLAN OF FINANCE—Plan of Refunding" herein.

The Bonds are general obligations of the District payable from *ad valorem* property taxes levied and collected by Santa Clara County (the "County"). The Board of Supervisors of Santa Clara County is empowered and obligated to annually levy and collect *ad valorem* property taxes without limitation as to rate or amount on all taxable property in the District (except for certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.

The Bonds are being issued as current interest bonds issuable in denominations of $5,000 or any integral multiple thereof. The Bonds mature on July 1 in the years and amounts set forth on the inside pages following this cover page. Interest on the Bonds accrues from the date of delivery and is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2018. The Bonds are subject to redemption prior to their maturity. See "THE BONDS—Payment of Principal and Interest" and "—Redemption Provisions" herein.

The Bonds are being issued as fully registered bonds, without coupons, in book-entry form only. When delivered, the Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), acting as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by U.S. Bank National Association as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC participants who will remit such payments to the Beneficial Owners. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

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

MATURITY SCHEDULES

See Inside Cover

The Bonds are being purchased for reoffering by _________ as underwriter of the Bonds (the "Underwriter"). The Bonds are offered when, as and if issued by the District and received by the Underwriter, subject to approval as to legality by Dannis Woliver Kelley, San Diego, California, Bond Counsel. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about November 14, 2017.

This Official Statement is dated ________, 2017.

*Preliminary, subject to adjustment.

MATURITY SCHEDULES

$___,___,___*

SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2014, SERIES 2017

Maturity Date July 1	Principal Amount*	Interest Rate	Reoffering Yield	Price	CUSIP+
2018	$_,___,000	_.___ %	_.___ %	___.___%	801495____
2019	_,___,000	_.___	_.___	___.___	801495____
2020	_,___,000	_.___	_.___	___.___	801495____
2021	_,___,000	_.___	_.___	___.___	801495____
2022	_,___,000	_.___	_.___	___.___	801495____
2023	_,___,000	_.___	_.___	___.___	801495____
2024	_,___,000	_.___	_.___	___.___	801495____
2025	_,___,000	_.___	_.___	___.___	801495____
2026	_,___,000	_.___	_.___	___.___	801495____
2027	_,___,000	_.___	_.___	___.___	801495____
2028	_,___,000	_.___	_.___	___.___	801495____
2029	_,___,000	_.___	_.___	___.___	801495____
2030	_,___,000	_.___	_.___	___.___	801495____
2031	_,___,000	_.___	_.___	___.___	801495____
2032	_,___,000	_.___	_.___	___.___	801495____
2033	_,___,000	_.___	_.___	___.___	801495____
2034	_,___,000	_.___	_.___	___.___	801495____
2035	_,___,000	_.___	_.___	___.___	801495____
2036	_,___,000	_.___	_.___	___.___	801495____
2037	_,___,000	_.___	_.___	___.___	801495____
2038	_,___,000	_.___	_.___	___.___	801495____
2039	_,___,000	_.___	_.___	___.___	801495____
2040	_,___,000	_.___	_.___	___.___	801495____
2041	_,___,000	_.___	_.___	___.___	801495____
2042	_,___,000	_.___	_.___	___.___	801495____

* Preliminary; subject to adjustment

+ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

$___,___,000*
SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2017 GENERAL OBLIGATION REFUNDING BONDS

Maturity Date July 1	Principal Amount*	Interest Rate	Reoffering Yield	Price	CUSIP+
2018	$_,___,000	_.___ %	_.___ %	___.___%	801495____
2019	_,___,000	_.___	_.___	___.___	801495____
2020	_,___,000	_.___	_.___	___.___	801495____
2021	_,___,000	_.___	_.___	___.___	801495____
2022	_,___,000	_.___	_.___	___.___	801495____
2023	_,___,000	_.___	_.___	___.___	801495____
2024	_,___,000	_.___	_.___	___.___	801495____
2025	_,___,000	_.___	_.___	___.___	801495____
2026	_,___,000	_.___	_.___	___.___	801495____
2027	_,___,000	_.___	_.___	___.___	801495____
2028	_,___,000	_.___	_.___	___.___	801495____
2029	_,___,000	_.___	_.___	___.___	801495____
2030	_,___,000	_.___	_.___	___.___	801495____
2031	_,___,000	_.___	_.___	___.___	801495____
2032	_,___,000	_.___	_.___	___.___	801495____
2033	_,___,000	_.___	_.___	___.___	801495____
2034	_,___,000	_.___	_.___	___.___	801495____
2035	_,___,000	_.___	_.___	___.___	801495____
2036	_,___,000	_.___	_.___	___.___	801495____

* Preliminary; subject to adjustment

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Use of Official Statement. This Official Statement is submitted with respect to the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

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

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

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

Information in Official Statement. The information set forth herein has been furnished by the District and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based change.

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

Stabilization of and Changes to Offering Prices. In connection with the offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover pages hereof, and such public offering prices may be changed from time to time by the Underwriter.

$\_\_\_,\_\_\_,\_\_\_$*	$\_\_\_,\_\_\_,000$*
SANTA CLARA UNIFIED SCHOOL DISTRICT	SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)	(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS	2017 GENERAL OBLIGATION
ELECTION OF 2014, SERIES 2017	REFUNDING BONDS

DISTRICT ADMINISTRATION

Stanley Rose III, Ed.D., Superintendent
Mark Allgire, Chief Business Official
Kathie Kanavel, Assistant Superintendent, Educational Services
Kevin Keegan, Assistant Superintendent, Human Resources
Andrew Lucia, Assistant Superintendent, School Support and District Development

Santa Clara Unified School District
1889 Lawrence Road
Santa Clara, California 95051
(408) 423-2000

MUNICIPAL ADVISOR

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(916) 444-5100

BOND COUNSEL

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San Diego, California 92101
(619) 595-0202

PAYING AGENT AND ESCROW AGENT

U.S. Bank National Association
1 California Street, Suite 1000
San Francisco, California 94111
(800) 934-6802

VERIFICATION AGENT

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

* Preliminary; subject to adjustment

$\_\_\_,\_\_\_,\_\_\_$[*]	$\_\_\_,\_\_\_,000$[*]
SANTA CLARA UNIFIED SCHOOL DISTRICT	SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)	(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS	2017 GENERAL OBLIGATION
ELECTION OF 2014, SERIES 2017	REFUNDING BONDS

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[*] Preliminary; subject to adjustment

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OFFICIAL STATEMENT

$___,___,___*
SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2014, SERIES 2017

$___,___,000*
SANTA CLARA UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2017 GENERAL OBLIGATION
REFUNDING BONDS

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and attached appendices (the "Official Statement"), is to provide certain information concerning the sale and delivery of the Santa Clara Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2014, Series 2017 in the aggregate principal amount of $___,___,___* (the "Series 2017 Bonds") and the Santa Clara Unified School District (Santa Clara County, California) 2017 General Obligation Refunding Bonds in the aggregate principal amount of $___,___,000* (the "Refunding Bonds," and together with the Series 2017 Bonds, the "Bonds").

This INTRODUCTORY STATEMENT is not a summary of this Official Statement. It is only a brief description of and guide to this Official Statement. This INTRODUCTORY STATEMENT is qualified by more complete and detailed information contained in this entire Official Statement. A full review of this entire Official Statement should be made by a person interested in investing in the Bonds. The offering of the Bonds to potential investors is made only by means of this entire Official Statement.

The District

Santa Clara Unified School District (the "District"), a political subdivision of the State of California (the "State"), was established in 1966. The District encompasses approximately 56 square miles located in the northern central portion of Santa Clara County (the "County"), serving a population of approximately 154,300 people residing primarily in the City of Santa Clara (the "City") as well as portions of the cities of Sunnyvale, San Jose and Cupertino. The District operates 27 schools that serve approximately 15,400 students in grades transitional kindergarten though 12, plus additional preschool and adult education students. Located in the heart of Silicon Valley, the District has been a basic aid district since fiscal year 1998-99. The District is governed by a seven-member Board of Education (the "District Board"). See "THE DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein.

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* Preliminary; subject to adjustment

Purpose of Issues

The Series 2017 Bonds are being issued by the District to (i) finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 4, 2014, and (ii) pay costs of issuance of the Series 2017 Bonds. See "THE BONDS—Authority for Issuance" herein.

The Refunding Bonds are being issued by the District to (i) refund on an advance basis portions of certain maturities of the Santa Clara Unified School District (Santa Clara County, California) 2009 General Obligation Refunding Bonds (the "2009 Refunding Bonds"), (ii) refund on an advance basis certain maturities of the Santa Clara Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2004, Series 2011A (the "2011A Bonds"), (iii) refund on an advance basis certain maturities of the Santa Clara Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2010, Series 2011 (the "2011 Bonds") and (iv) pay costs of issuance of the Refunding Bonds. See "PLAN OF FINANCE—Plan of Refunding" herein.

Authority for Issuance

The Series 2017 Bonds are being issued by the District under and pursuant to the California Constitution (the "State Constitution"), certain provisions of the California Government Code (the "Government Code") and the California Education Code (the "Education Code"), Resolution No. ___ adopted by the District Board on September 28, 2017 (the "Series 2017 Resolution") and a Paying Agent Agreement dated November 1, 2017 between the District and U.S. Bank National Association (the "Series 2017 Paying Agent Agreement").

The Refunding Bonds are being issued by the District under and pursuant to the State Constitution, certain provisions of the Government Code, Resolution No. ___ adopted by the District Board on September 28, 2017 (the "Refunding Resolution" and, together with the Series 2017 Resolution, the "Resolutions"), an Escrow Agreement dated November 14, 2017 by and between the District and U.S. Bank National Association (the "Escrow Agreement"), and a Paying Agent Agreement dated November 14, 2017 between the District and U.S. Bank National Association (the "Refunding Paying Agent Agreement" and, together with the Series 2017 Paying Agent Agreement, the "Paying Agent Agreements").

Description of the Bonds

The Bonds are being issued as fully registered bonds, without coupons, in book-entry form only. When delivered, the Bonds will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by U.S. Bank National Association (the "Paying Agent") to DTC for subsequent disbursement to DTC participants who will remit such payments to the beneficial owners of the Bonds (the "Beneficial Owners"). See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds are being issued as current interest bonds in denominations of $5,000 principal amount, or any integral multiple thereof. The Bonds are dated their date of delivery and mature on July 1 in each of the years and in the amounts set forth on the inside cover pages hereof. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2018. Interest on the Bonds is computed on the basis of a 360-day year comprised of 12 months of 30 days each. See "THE BONDS—Payment of Principal and Interest" herein.

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

Source of Payment for the Bonds

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

Bond Insurance

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

Tax Matters

In the opinion of Dannis Woliver Kelley, bond counsel to the District ("Bond Counsel"), under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolutions authorizing the Bonds and subject to the matters set forth under "LEGAL MATTERS—Tax Matters" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as described herein, corporations. See "LEGAL MATTERS—Tax Matters" herein. The form of the proposed opinions of Bond Counsel relating to each series of Bonds is included with this Official Statement. See "APPENDIX C—FORM OF OPINIONS OF BOND COUNSEL" attached hereto.

Continuing Disclosure

The District will covenant for the benefit of the Registered Owners (as defined herein) and Beneficial Owners to make available annually certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Securities and Exchange Commission (the "SEC") Rule 15c2-12(b)(5). The specific nature of the information to be made available annually and of the notices of certain enumerated events are set forth in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATES" attached hereto. See also "CONTINUING DISCLOSURE" herein.

Professionals Involved

Government Financial Strategies inc., Sacramento, California, has acted as municipal advisor (the "Municipal Advisor") to the District with respect to the sale and delivery of the Bonds. See "MUNICIPAL ADVISOR" herein. Certain proceedings in connection with the sale and delivery of the Bonds are subject to the approving legal opinion of Dannis Woliver Kelley, San Diego, California, Bond Counsel. U.S. Bank National Association will act as paying agent with respect to the Bonds and escrow agent (the "Escrow Agent") with respect to the bonds being refunded. Dannis Woliver Kelley and U.S. Bank National Association will receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

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

Interested parties may obtain copies of the Resolutions, the Paying Agent Agreements, the Escrow Agreement. audited financial statements, annual budgets, or any other information which is generally made available to the public by contacting Santa Clara Unified School District, 1889 Lawrence Road, Santa Clara, California, 95052, Attention: Chief Business Official, telephone (408) 423-2000, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California, 95814-5609, telephone (916) 444-5100.

THE BONDS

Purpose of Issues

The Series 2017 Bonds are being issued by the District to (i) finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 4, 2014, and (ii) pay costs of issuance of the Series 2017 Bonds. See "THE BONDS—Authority for Issuance" herein.

The Refunding Bonds are being issued by the District to (i) refund on an advance basis portions of certain maturities of the 2009 Refunding Bonds, (ii) refund on an advance basis certain maturities of the 2011A Bonds, (iii) refund on an advance basis certain maturities of the 2011 Bonds and (iv) pay costs of issuance of the Refunding Bonds. See "PLAN OF FINANCE—Plan of Refunding" herein.

Authority for Issuance

Series 2017 Bonds. The Series 2017 Bonds are being issued by the District under and pursuant to the provisions of Article XIIIA, Section 1 and Article XVI, Section 18 of the State Constitution, the provisions of Government Code Section 53506 *et seq.,* and all laws amendatory to or supplemental thereof, the provisions of Education Code Section 15100 *et seq.,* and all laws amendatory to or supplemental thereof, and pursuant to the provisions of the Series 2017 Resolution and the Series 2017 Paying Agent Agreement. The District may incur bonded indebtedness upon the vote of 55 percent or more of the qualified electors of the District voting on the proposition pursuant to Article XIIIA, subject to the debt limitations set forth in Article XVI of the State Constitution and the Education Code.

Pursuant to provisions of State law, the District Board adopted a resolution calling for an election to authorize the issuance of $419.0 million in aggregate principal amount of general obligation bonds for authorized school purposes. On November 4, 2014, at an election duly held pursuant to the law (the "2014 Election"), more than 55 percent of the votes received from qualified voters within the boundaries of the District approved "Measure H" as follows:

> *"To repair or replace deteriorating roofs, plumbing and wiring, remove asbestos, lead and hazardous materials; to upgrade outdated classrooms and career training facilities to support 21st century learning and prepare students for college and careers; to acquire, renovate, construct/equip classrooms and facilities to relieve overcrowding and attract quality teachers, shall the Santa Clara Unified School District issue $419 million in bonds at legal rates, with independent citizen oversight, no money for administrators and all money staying local?"*

The Santa Clara County Registrar of Voters certified the results of the election as follows:

General Obligation Bond Election of 2014
Santa Clara Unified School District

Yes Votes	No Votes
18,958 (69.4%)	8,362 (30.6%)

Source: Registrar of Voters, Santa Clara County.

On June 2, 2015, the District issued the first series of bonds authorized by the 2014 Election, the Santa Clara Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2014, Series 2015 (the "Series 2015 Bonds") in the aggregate principal amount of $140,700,000. The Series 2017 Bonds represent the second series of general obligation bonds to be issued under Measure H. Upon the issuance of the Series 2017 Bonds, the District will have $___._ million in unissued authorization remaining under the 2014 Election. See "DISTRICT FINANCIAL INFORMATION—Long-Term Borrowings" herein.

Refunding Bonds. The Refunding Bonds are being issued by the District under and pursuant to the provisions of Article XIIIA, Section 1 and Article XVI, Section 18 of the State Constitution, the provisions of Government Code Sections 53550 and 53580 *et seq*. and all laws amendatory to or supplemental thereof, and pursuant to the provisions of the Refunding Resolution, the Refunding Paying Agent Agreement, and the Escrow Agreement. The District may issue bonds payable from *ad valorem* taxes without a vote of the electors solely in order to refund other outstanding bonds which were originally approved by such a vote, provided that the total net interest cost to maturity plus the principal amount of the refunding bonds does not exceed the total net interest cost to maturity plus the principal amount of the bonds being refunded.

The 2009 Refunding Bonds were issued by the District to refund on a current basis general obligation bonds issued in 1997 (the "1997 Bonds") and refund on an advance basis general obligation bonds issued in 2000 (the "2000 Bonds"). The 2011A Bonds were issued by the District pursuant to authorization at an election authorizing the issuance of $315.0 million aggregate principal amount of general obligation bonds held on November 2, 2004 (the "2004 Election"). The 2011 Bonds were issued by the District pursuant to authorization at an election authorizing the issuance of $81.1 million aggregate principal amount of general obligation bonds held on November 2, 2010 (the "2010 Election"). See "DISTRICT FINANCIAL INFORMATION—Long-Term Borrowings" herein.

Form and Registration

The Bonds are being issued as fully registered bonds, without coupons, in book-entry form only. The Bonds are being issued in denominations of $5,000 principal amount, or any integral multiple thereof. Pursuant to the Paying Agent Agreements, the Paying Agent will keep and maintain for and on behalf of the District, at the principal office of the Paying Agent, registration books (the "Bond Registers") for recording the owners of the Bonds (the "Registered Owners"), the transfer and exchange of the Bonds, and the payment of the principal of and interest on the Bonds to the Registered Owners.

The Bonds are initially issued and registered in the name of Cede & Co., as nominee of DTC acting as securities depository for the Bonds. Purchases of the Bonds by Beneficial Owners will be made by or through a DTC participant, and ownership interests in the Bonds will be recorded as entries on the books of said participants. So long as Cede & Co. or a successor nominee of DTC is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by the Paying Agent to DTC for subsequent disbursement to Beneficial Owners by or through a DTC participant. Except in the event that use of this book-entry system is discontinued for the Bonds, Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

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

Payment of Principal and Interest

The Bonds are dated their date of delivery and mature on July 1 in each of the years and in the amounts set forth on the inside cover pages hereof. Interest on the Bonds is computed from their dated date on the basis of a 360-day year comprised of 12 months of 30 days each. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year (each, a "Bond Payment Date"), commencing July 1, 2018, at the annual interest rates shown on the inside cover pages hereof.

Each Bond bears interest from the Bond Payment Date next preceding the date of registration and authentication thereof, unless (i) it is registered and authenticated as of an Bond Payment Date, in which event it bears interest from such date, or (ii) it is registered and authenticated prior to a Bond Payment Date and after the close of business on the fifteenth day of the month preceding such Bond Payment Date (the "Record Date"), in which event it bears interest from such Bond Payment Date, or (iii) it is registered and authenticated on or before the Record Date preceding the first Bond Payment Date, in which event it bears interest from its date of delivery; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond bears interest from the Bond Payment Date to which interest has previously been paid or made available for payment.

The principal of and interest on the Bonds is payable in lawful money of the United States of America by wire transfer on each payment date to Cede & Co., so long as Cede & Co. is the sole Registered Owner. In the event the book-entry system is no longer in use, interest on each Bond due on any Bond Payment Date is payable by check of the Paying Agent mailed to the Registered Owner thereof at such Registered Owner's address as it appears on the Bond Register at the close of business on the preceding Record Date, or at such other address as the Registered Owner may have filed with the Paying Agent for that purpose; provided, however, that at the written request of the Registered Owner of at least $1,000,000 aggregate principal amount of

Bonds, which request is received by the Paying Agent at least five business days before the applicable Record Date, interest on such Bonds may be paid by wire transfer of immediately available funds to an account in the United States of America as specified in such request.

Redemption Provisions

Optional Redemption. The Bonds maturing on or prior to July 1, 2026 are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after July 1, 2027 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, on any date on or after July 1, 2026, as a whole or in part, at a redemption price equal to the principal amount of the Bonds called for redemption, with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption: The Series 2017 Bond maturing by its term on July 1, 20__ (the "20__ Series 2017 Term Bond") is subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table.

Mandatory Sinking Fund Redemption Schedule
20__ Series 2017 Term Bond

Redemption Date (July 1)	Principal Amount
20__	$___,000
20__ [1]	$___,000

[1]Indicates maturity of the $___,___ 20__ Series 2017 Term Bond.

The Refunding Bond maturing by its term on July 1, 20__ (the "20__ Refunding Term Bond") is subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table.

Mandatory Sinking Fund Redemption Schedule
20__ Refunding Term Bond

Redemption Date (July 1)	Mandatory Sinking Fund Redemption Payment
20__	$___,000
20__ [1]	$___,000

[1]Indicates maturity of the $___,___ 20__ Refunding Term Bond.

Selection of Bonds for Redemption. If less than all of the outstanding Bonds are to be redeemed, the particular Bonds or portions thereof to be redeemed will be called in such order as directed by the District and, in lieu of such direction, on a proportional basis. Within a maturity, the Paying Agent will select the Bonds for redemption as directed by the District, and, in lieu of such direction by lot; provided, however, that the portion of any Bond to be redeemed will be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent will treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

Notice of Redemption. Notice of any redemption will be by registered or otherwise secured mail or delivery service, postage prepaid, to the Registered Owners, to DTC or another municipal registered securities depository, and to a national information service that disseminates securities redemption notices, and by first class mail, postage prepaid, to the District and the respective Registered Owners of any Bonds designated for redemption at their addresses appearing on the Bond Registers, in every case at least 30 days, but not more than 45 days, prior to the redemption date. Neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Each notice of redemption will specify: (i) that the Bonds or a designated portion thereof are to be redeemed, (ii) the numbers and CUSIP numbers of the Bonds to be redeemed, (iii) the date of notice and the date of redemption, (iv) the place or places where the redemption will be made, and (v) descriptive information regarding the Bonds to be redeemed including the dated date, interest rate and stated maturity date. Such notice will further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Any notice of optional redemption may be conditional, and, if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date: (i) the notice of redemption will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Paying Agent will within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of redemption was given that such condition or conditions were not met and that the redemption was cancelled.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Registered Owners of any Bond so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in a debt service fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Registered Owner of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Partial Redemption. Upon surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Registered Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Registered Owner, and the Paying Agent and the District shall be released and discharged thereupon from all liability to the extent of such payment.

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

Transfer and Exchange

If the book-entry system as described herein is no longer used with respect to the Bonds, the provisions in the Paying Agent Agreements summarized below will govern the registration, transfer, and exchange of the Bonds. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

Any Bond may be transferred upon the Bond Registers by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever any Bond or Bonds is surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity.

All fees and costs of any transfer or exchange of Bonds shall be paid by the Registered Owner requesting such transfer or exchange. The Paying Agent is not required to transfer or exchange any Bonds (i) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Defeasance of Bonds

Discharge of Resolution. Bonds may be paid by the District in any one or more of the following ways, provided that the District also pays or causes to be paid any others sums payable under the Resolutions and the Paying Agent Agreements by the District:

(i) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable; (ii) by depositing with an escrow agent, in trust, at or before maturity, money or securities in the necessary amount, including investment earnings thereon, to pay or redeem such Bonds; or (iii) by delivering to the Paying Agent, for cancellation by it, such Bonds.

If the District pays all Bonds as described above, then, at the election of the District, and notwithstanding that any Bonds may not have been surrendered for payment, the Resolutions and all covenants, agreements, and other obligations of the District under the Resolutions will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolutions.

Discharge of Liability on Bonds. Upon the deposit in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any outstanding Bond, provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given, then all liability of the District in respect of such Bond will cease and be completely discharged, except that thereafter the Registered Owner thereof will be entitled to payment of the principal of and interest on or redemption price of such Bond, but only out of such money or securities deposited in trust.

Paying Agent

U.S. Bank National Association will act as the transfer agent, bond registrar, authenticating agent and paying agent for the Bonds. As long as Cede & Co or a successor nominee or DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC participant or of any DTC participant to notify any Beneficial Owner of any such notice and its content or effect will not effect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. The Paying Agent, the District and the Underwriter have no responsibility or liability for any aspects of the records relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records relating to beneficial ownership of interests in the Bonds.

PLAN OF FINANCE

Application and Investment of Bond Proceeds

Series 2017 Bonds. A portion of the proceeds of the sale of the Series 2017 Bonds, exclusive of any premium, will be transferred to the Santa Clara County Director of Finance (the "County Director of Finance") for deposit in the Santa Clara Unified School District, General Obligation Bonds, Election of 2014, Series 2017 Building Fund (the "Building Fund") to be created and established in the Santa Clara County Treasury (the "County Treasury") pursuant to Education Code Section 151469(g). Moneys deposited in the Building Fund will be used solely for the purpose for which the Bonds are being issued. Interest earned on moneys held in the Building Fund will be retained solely in the Building Fund. So long as any Series 2017 Bonds are outstanding, any proceeds of the sale of the Series 2017 Bonds deposited in the Building Fund not needed for the purposes of the Series 2017 Bonds will be transferred to the Santa Clara Unified School District Debt Service Fund (the "Debt Service Fund") maintained by the County Director of Finance in the County Treasury pursuant to Education Code Section 15251 to be applied to the payment of principal of and interest on the Bonds.

A portion of the proceeds of the sale of the Series 2017 Bonds, exclusive of any premium, will be retained by the Paying Agent and deposited into a costs of issuance fund (the "Series 2017 Costs of Issuance Fund") to be created and established with the Paying Agent pursuant to the Series 2017 Paying Agent Agreement to pay costs associated with the issuance of the Series 2017 Bonds. Any proceeds of the sale of the Series 2017 Bonds deposited in the Series 2017 Costs of Issuance Fund not needed to pay the costs of issuance of the Series 2017 Bonds will be transferred by the Paying Agent to the County Director of Finance for deposit in the Debt Service Fund.

The premium, if any, received by the District from the sale of the Series 2017 Bonds will be transferred to the County Director of Finance for deposit in the Debt Service Fund. Moneys deposited in the Debt Service Fund will be used solely for the payment of principal of and interest on general obligation bonds of the District. Interest earned on moneys held in the Debt Service Fund will be retained in the Debt Service Fund. Any moneys remaining in the Debt Service Fund after the principal of and interest on the Series 2017 Bonds have been paid will be used to pay other general obligation bonds of the District or, if there are no other general obligation bonds of the District outstanding, will be transferred to the general fund of the District (the "General Fund") pursuant to Education Code Section 15234.

Refunding Bonds. A portion of the proceeds of the sale of the Refunding Bonds will be irrevocably deposited in an escrow fund (the "Escrow Fund") to be created and maintained by the Escrow Agent under the Escrow Agreement. Moneys in the Escrow Fund will be invested in non-callable direct obligations of the United States Treasury or other non-callable obligations, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America. See "—Plan of Refunding" herein.

A portion of the proceeds of the sale of the Refunding Bonds will be retained by the Paying Agent and deposited into a costs of issuance fund (the "Refunding Costs of Issuance Fund") to be created and established with the Paying Agent pursuant to the Refunding Paying Agent Agreement to pay costs associated with the issuance of the Refunding Bonds. Any proceeds of the sale of the Refunding Bonds deposited in the Refunding Costs of Issuance Fund not needed to pay costs of issuance of the Refunding Bonds will be retained by the Paying Agent to pay debt service on the Bonds.

Sources and Uses of Funds

The sources and uses of funds in connection with the sale and delivery of the Series 2017 Bonds are set forth in the following table.

Sources and Uses of Funds
General Obligation Bonds, Election of 2014, Series 2017

SOURCES OF FUNDS	
Par Amount of Series 2017 Bonds	$
Net Original Issue Premium	
TOTAL SOURCES OF FUNDS	$
USES OF FUNDS	
Building Fund	$
Debt Service Fund	
Series 2017 Costs of Issuance Fund[1]	
Underwriter's Discount	
TOTAL USES OF FUNDS	$

[1]The Series 2017 Costs of Issuance Fund will be used to pay costs of issuance of the Series 2017 Bonds including fees and expenses of Bond Counsel, the Municipal Advisor, the Paying Agent, and the rating agencies as well as certain other expenses related to the issuance of the Series 2017 Bonds.

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

Sources and Uses of Funds
2017 General Obligation Refunding Bonds

SOURCES OF FUNDS	
Par Amount of Refunding Bonds	$
Net Original Issue Premium	
TOTAL SOURCES OF FUNDS	$
USES OF FUNDS	
Escrow Fund	$
Refunding Costs of Issuance Fund[1]	
Underwriter's Discount	
TOTAL USES OF FUNDS	$

[1]The Refunding Costs of Issuance Fund will be used to pay costs of issuance of the Refunding Bonds including fees and expenses of Bond Counsel, the Municipal Advisor, the Paying Agent, the Escrow Agent, and the rating agencies as well as certain other expenses related to the issuance of the Refunding Bonds.

Investment of Moneys

Under State law, the District is generally required to deposit all moneys received from any source into the County Treasury to be held on behalf of the District. All funds held by the County Director of Finance in the Building Fund and the Debt Service Fund are expected to be invested at the sole discretion of the County Director of Finance, on behalf of the District, in such investments as are authorized by Government Code Sections 16429.1, 53601 and 53635 and by the Santa Clara County Investment Policy (the "County Investment Policy") as either may be amended or supplemented from time to time. See "SANTA CLARA COUNTY TREASURY POOL" herein and "APPENDIX D—SANTA CLARA COUNTY INVESTMENT POLICY" attached hereto for a description of the permitted investments under the County Investment Policy.

Plan of Refunding

The Refunding Bonds are being issued to (i) refund on an advance basis the portions of the 2009 Refunding Bonds maturing July 1, 2019 through July 1, 2022 attributable to the current refunding of the 1997 Bonds (the "Refunded 2009 Refunding Bonds"), (ii) refund on an advance basis the 2011A Bonds maturing July 1, 2028 through July 1, 2036 (the "Refunded 2011A Bonds"), (iii) refund on an advance basis the 2011 Bonds maturing July 1, 2021 through July 1, 2036 (the Refunded 2011 Bonds" and, together with the Refunded 2009 Refunding Bonds and the Refunded 2011A Bonds, the "Refunded Bonds"), and (iv) pay costs of issuance of the Refunding Bonds.

American Municipal Tax-Exempt Compliance Corporation of Avon, Connecticut, and Stephen Miller, C.P.A. (an independent Certified Public Accountant) of Treasure Island, Florida, together acting as verification agent with respect to the Refunded Bonds, will certify in writing that moneys irrevocably deposited into the Escrow Fund will be sufficient for the payment of interest coming due and payable to the date fixed for redemption plus the redemption amount of the Refunded 2009 Refunding Bonds redeemable on July 1, 2018 at a price of 100 percent of par and the Refunded 2011A Bonds and Refunded 2011 Bonds redeemable on July 1, 2020 at a price of 100 percent of par. Upon such irrevocable deposit, the Refunded Bonds will be deemed paid and no longer outstanding.

The Refunded Bonds are detailed in the following tables.

Refunded 2009 Refunding Bonds
Santa Clara Unified School District

Maturity Date July 1	Refunded Principal Amount	CUSIP[1]	Redemption Date	Redemption Price
2019	$2,485,000 [2]	801495 YC0	July 1, 2018	100%
2020	2,635,000 [2]	801495 YD8	July 1, 2018	100
2021	2,800,000 [2]	801495 YE6	July 1, 2018	100
2022	2,960,000 [2]	801495 YF3	July 1, 2018	100
Total	$10,880,000			

[1]CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.
[2]The 2009 Refunding Bonds maturing on July 1, 2019 in the amount of $2,150,000, on July 1, 2020 in the amount of $2,255,000, on July 1, 2021 in the amount of $2,375,000, and on July 1, 2022 in the amount of $2,505,000 will remain outstanding.

Refunded 2011A Bonds
Santa Clara Unified School District

Maturity Date July 1	Refunded Principal Amount	CUSIP[1]	Redemption Date	Redemption Price
2028	$3,535,000	801495 B68	July 1, 2020	100%
2029	3,675,000	801495 B76	July 1, 2020	100
2030	4,040,000	801495 B84	July 1, 2020	100
2031	4,740,000	801495 B92	July 1, 2020	100
2032	5,130,000	801495 C26	July 1, 2020	100
2033	5,550,000	801495 C34	July 1, 2020	100
2034	16,130,000	801495 C59	July 1, 2020	100
2035	16,445,000	801495 C67	July 1, 2020	100
2036	16,280,000	801495 C42	July 1, 2020	100
Total	$75,525,000			

[1]CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

Refunded 2011 Bonds
Santa Clara Unified School District

Maturity Date July 1	Refunded Principal Amount	CUSIP[1]	Redemption Date	Redemption Price
2021	$2,380,000	801495 ZQ8	July 1, 2020	100%
2022	2,550,000	801495 ZR6	July 1, 2020	100
2023	2,730,000	801495 ZS4	July 1, 2020	100
2024	2,920,000	801495 ZT2	July 1, 2020	100
2025	3,135,000	801495 ZU9	July 1, 2020	100
2026	3,185,000	801495 ZV7	July 1, 2020	100
2027	3,395,000	801495 ZW5	July 1, 2020	100
2028	3,775,000	801495 ZX3	July 1, 2020	100
2029	4,115,000	801495 ZY1	July 1, 2020	100
2030	4,405,000	801495 ZZ8	July 1, 2020	100
2031	4,715,000	801495 A28	July 1, 2020	100
2032	5,040,000	801495 A36	July 1, 2020	100
2033	5,210,000	801495 A44	July 1, 2020	100
2034	5,560,000	801495 A51	July 1, 2020	100
2035	6,175,000	801495 A69	July 1, 2020	100
2036	6,615,000	801495 ZQ8	July 1, 2020	100
Total	$65,905,000			

[1]CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

Debt Service Schedules

Series 2017 Bonds. Scheduled debt service on the Series 2017 Bonds (without regard to optional redemption) is shown in the following table.

Debt Service Schedule
General Obligation Bonds, Election of 2014, Series 2017

Date	Principal	Interest	Semiannual Debt Service	Annual Debt Service
July 1, 2018	$	$	$	$
January 1, 2019				
July 1, 2019				
January 1, 2020				
July 1, 2020				
January 1, 2021				
July 1, 2021				
January 1, 2022				
July 1, 2022				
January 1, 2023				
July 1, 2023				
January 1, 2024				
July 1, 2024				
January 1, 2025				
July 1, 2025				
January 1, 2026				
July 1, 2026				
January 1, 2027				
July 1, 2027				
January 1, 2028				
July 1, 2028				
January 1, 2029				
July 1, 2029				
January 1, 2030				
July 1, 2030				
January 1, 2031				
July 1, 2031				
January 1, 2032				
July 1, 2032				
January 1, 2033				
July 1, 2033				
January 1, 2034				
July 1, 2034				
January 1, 2035				
July 1, 2035				
January 1, 2036				
July 1, 2036				
January 1, 2037				
July 1, 2037				
January 1, 2038				
July 1, 2038				
January 1, 2039				
July 1, 2039				
January 1, 2040				
July 1, 2040				
January 1, 2041				
July 1, 2041				
January 1, 2042				
July 1, 2042				
Total				

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

Debt Service Schedule
2017 General Obligation Refunding Bonds

Date	Principal	Interest	Semiannual Debt Service	Annual Debt Service
July 1, 2018	$	$	$	$
January 1, 2019				
July 1, 2019				
January 1, 2020				
July 1, 2020				
January 1, 2021				
July 1, 2021				
January 1, 2022				
July 1, 2022				
January 1, 2023				
July 1, 2023				
January 1, 2024				
July 1, 2024				
January 1, 2025				
July 1, 2025				
January 1, 2026				
July 1, 2026				
January 1, 2027				
July 1, 2027				
January 1, 2028				
July 1, 2028				
January 1, 2029				
July 1, 2029				
January 1, 2030				
July 1, 2030				
January 1, 2031				
July 1, 2031				
January 1, 2032				
July 1, 2032				
January 1, 2033				
July 1, 2033				
January 1, 2034				
July 1, 2034				
January 1, 2035				
July 1, 2035				
January 1, 2036				
July 1, 2036				
Total				

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

Outstanding General Obligation Bond Debt Service
Santa Clara Unified School District

Year Ended June 30	General Obligation Bonds to Remain Outstanding	Series 2017 General Obligation Bonds	2017 General Obligation Refunding Bonds	Total General Obligation Bond Debt Service
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
Total				

SECURITY AND SOURCE OF PAYMENT

Introduction

The Bonds are general obligation bonds of the District, payable from *ad valorem* property taxes levied and collected by the County for the payment of principal of and interest on the Bonds. The County Board is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) in order to provide sufficient funds for repayment of principal of and interest on the Bonds when due. Although the County is obligated to levy and collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

The proceeds of such *ad valorem* tax, when collected, will be placed in the Debt Service Fund, which *ad valorem* taxes, together with the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of principal of and interest on the

Bonds when and as the same fall due. The County will levy such *ad valorem* tax in accordance with Education Code Section 15250 *et seq*. and cause the proceeds from such levy to be deposited to the Debt Service Fund to pay the principal of and interest on the Bonds when due.

Various officers of the County are responsible for the performance of each function in the property taxation system. Property tax revenues result from the application of the appropriate tax rate to the total net assessed value of taxable property in the District. All property, including real, personal and intangible property, is taxable, unless granted an exemption by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The California Legislature (the "State Legislature") may create additional exemptions for personal property, but not for real property. Taxes on property located in a school district with boundaries extending into more than one county are administered separately by each county in which the property is located (the District is located solely in the County).

Taxes on real property located within the District are assessed and collected by the County in the same manner, at the same time, and in the same installments as other *ad valorem* taxes on real property located in the County. In addition to general obligation bonds issued by the District, other entities with jurisdiction in or overlapping with the District may issue debt payable from *ad valorem* taxes also levied on parcels in the District. Such taxes have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as *ad valorem* taxes levied for the payment of the Bonds and other general obligation bonds of the District.

In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds from any source of funds other than *ad valorem* taxes. However, nothing in the Resolutions prevents the District from making advances of its moneys, howsoever derived, to any use or purpose permitted by law.

Statutory Lien on *Ad Valorem* Tax Revenues (Senate Bill 222)

All general obligation bonds issued and sold by or on behalf of a local agency in the State, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax pursuant to Education Code Section 15251 and Government Code Section 53515, which became effective as of January 1, 2016 pursuant to Senate Bill 222. The lien automatically arises without the need for any action or authorization by the local agency or its governing board and is valid and binding from the time the bonds are executed and delivered. In addition, the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will automatically attach to the revenues and be effective, binding, and enforceable against the local agency, such as the District, as applicable, its successor, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing, or further tax.

Assessed Valuation of Property

The Santa Clara County Assessor (the "County Assessor") must annually assess all taxable property in the County (except for "utility" property, assessed by the State) to the person, business or legal entity owning, claiming, possessing or controlling the property on January 1, the lien date. Property assessed by the County Assessor is subject to the reappraisal provisions set forth in the State Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES—Article XIIIA of the State Constitution" herein. The duties of the County Assessor are to discover all assessable property, to inventory and list all taxable property, to value the property, and to enroll the property on the local assessment roll. Locally assessed taxable property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll contains real property sufficient, in the opinion of the County Assessor, to secure the payment of the taxes as a lien on real property. All other property is unsecured and assessed on the unsecured roll. The District can make no predictions as to the changes in assessed values that might result from pending or future appeals of assessed valuation by taxpayers or temporary reductions in assessed valuation allowed under the State Constitution. Any reduction in aggregate District assessed valuation will cause the tax rate necessary to repay the Bonds to increase accordingly. Any refund of paid taxes triggered by a successful assessment appeal will be debited against all taxing agencies receiving tax revenues, including the District.

The secured roll also includes certain "utility" property, entered on the utility roll, located in the County but assessed by the State Board of Equalization (the "SBE") rather than the County Assessor. Such property includes property owned or used by State-regulated transportation and communications utilities such as railways, telephone and telegraph companies, companies transmitting or selling gas or electricity, and pipelines, flumes, canals and aqueducts lying within two or more counties. Property assessed by the SBE is not subject to the provisions of Proposition 13 (1978) and is annually reappraised at its market value as of January 1 and then allocated by formula among all the taxing jurisdictions in the County, including the District. The growth or decline in the assessed valuation of utility property is shared by all jurisdictions in the County. The District can make no predictions regarding the impact of the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies on the amount of tax revenue collected. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among taxing jurisdictions in the County; the transfer of property located and taxed in the District to a State-assessed utility will, in general, reduce the assessed value in the District, as the value is shared among the other jurisdictions in the County. The greater the total assessed value of all taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds.

Shown in the following table are 10 years of the District's historical assessed valuation. Total secured assessed value includes net local secured, secured homeowner exemption, and utility value. Total unsecured assessed value includes net local unsecured and unsecured homeowner exemption value.

Historical Total Secured and Unsecured Assessed Valuation
Santa Clara Unified School District

Year Ended June 30	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	Percentage Change
2009	$28,138,072,957	$6,943,080,577	$35,081,153,534	--
2010	28,266,275,720	6,810,384,743	35,076,660,463	(0.01%)
2011	27,108,026,278	6,330,857,410	33,438,883,688	(4.67)
2012	27,026,302,691	6,955,773,297	33,982,075,988	1.62
2013	28,495,767,507	6,741,197,883	35,236,965,390	3.69
2014	31,518,928,550	7,139,468,212	38,658,396,762	9.71
2015	34,807,668,606	6,817,423,349	41,625,091,955	7.67
2016	40,445,552,223	7,469,094,488	47,914,646,711	15.11
2017	45,275,172,770	8,399,913,797	53,675,086,567	12.02
2018	49,481,761,761	9,098,285,889	58,580,047,650	9.14

Source: Santa Clara County Assessor.

The District may not issue bonds in excess of 2.5 percent of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity in fiscal year 2017-18 is approximately $1.465 billion. Upon issuance of the Bonds, the District will have remaining bonding capacity of approximately $___ million*.

* Preliminary; subject to adjustment.

Shown in the following table is the distribution of total assessed value among the cities and unincorporated areas encompassed by the District for fiscal year 2017-18.

Assessed Valuation by Jurisdiction
Santa Clara Unified School District

Jurisdiction	Assessed Valuation in District	Percent of District	Assessed Valuation of Jurisdiction	Percent of Jurisdiction in District
City of Cupertino	$2,534,923,182	4.33%	$23,139,029,846	10.96%
City of San Jose	13,330,193,203	22.76	170,460,819,308	7.82
City of Santa Clara	37,185,310,944	63.48	40,109,538,971	92.71
City of Sunnyvale	5,529,092,200	9.44	41,682,789,694	13.26
Unincorporated Santa Clara County	528,121	0.00	16,940,419,832	0.00
Total District	$58,580,047,650	100.00%		
Santa Clara County	$58,580,047,650	100.00%	$449,772,839,608	13.02%

Source: California Municipal Statistics, Inc.

Shown in the following table is a distribution of taxable real property located in the District by principal purpose for which the land is used along with the local secured assessed valuation (excludes homeowners' exemption) and number of parcels for each use for fiscal year 2017-18.

Assessed Valuation and Parcels by Land Use
Santa Clara Unified School District

	2017-18 Assessed Valuation[1]	Percent of Total	Number of Parcels	Percent of Total
Non-Residential:				
Agricultural/Rural	$30,003,867	0.06%	12	0.03%
Commercial/Office	11,904,485,441	24.18	875	2.40
Industrial/Manufacturing	11,990,210,368	24.36	1,036	2.84
Recreational	1,219,604,808	2.48	19	0.05
Government/Social/Institutional	167,113,538	0.34	229	0.63
Miscellaneous	117,558,353	0.24	201	0.55
Subtotal Non-Residential	$25,428,976,375	51.66%	2,372	6.51%
Residential:				
Single Family Residence	$10,459,532,890	21.25%	20,361	55.88%
Condominium/Townhouse	4,347,624,094	8.83	8,457	23.21
Mobile Home	158,395,773	0.32	2,674	7.34
2-4 Residential Units	833,105,056	1.69	1,495	4.10
5+ Residential Units/Apartments	7,644,269,365	15.53	685	1.88
Subtotal Residential	$23,442,927,178	47.62%	33,672	92.41%
Vacant Parcels	$354,007,722	0.72%	392	1.08%
Total	$49,225,911,275	100.00%	36,436	100.00%

[1]Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

The following table sets forth the assessed valuation of single-family homes within the District's boundaries for fiscal year 2017-18.

Per-Parcel Assessed Valuation of Single-Family Homes
Santa Clara Unified School District

	Number of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	20,361	$10,459,532,890	$513,704	$477,555

2017-18 Assessed Valuation	Number of Parcels[1]	Percent of Total	Cumulative Percent of Total	Total Valuation	Percent of Total	Cumulative Percent of Total
$0 - $49,999	250	1.228%	1.228%	$9,107,372	0.087%	0.087%
$50,000 - $99,999	3,226	15.844	17.072	232,835,735	2.226	2.313
$100,000 - $149,999	1,049	5.152	22.224	129,025,639	1.234	3.547
$150,000 - $199,999	790	3.880	26.104	138,034,058	1.320	4.866
$200,000 - $249,999	817	4.013	30.116	184,065,666	1.760	6.626
$250,000 - $299,999	880	4.322	34.438	242,342,401	2.317	8.943
$300,000 - $349,999	894	4.391	38.829	290,153,647	2.774	11.717
$350,000 - $399,999	934	4.587	43.416	349,796,489	3.344	15.061
$400,000 - $449,999	878	4.312	47.729	372,946,471	3.566	18.627
$450,000 - $499,999	849	4.170	51.898	403,582,021	3.859	22.486
$500,000 - $549,999	815	4.003	55.901	427,594,788	4.088	26.574
$550,000 - $599,999	937	4.602	60.503	538,403,431	5.147	31.721
$600,000 - $649,999	914	4.489	64.992	571,545,518	5.464	37.186
$650,000 - $699,999	914	4.489	69.481	616,987,188	5.899	43.084
$700,000 - $749,999	887	4.356	73.837	642,094,242	6.139	49.223
$750,000 - $799,999	835	4.101	77.938	647,638,468	6.192	55.415
$800,000 - $849,999	835	4.101	82.039	689,654,306	6.594	62.009
$850,000 - $899,999	690	3.389	85.428	602,989,589	5.765	67.774
$900,000 - $949,999	578	2.839	88.267	533,693,404	5.102	72.876
$950,000 - $999,999	485	2.382	90.649	472,904,797	4.521	77.397
$1,000,000 and greater	1,904	9.351	100.000	2,364,137,660	22.603	100.000
Total	20,361	100.000%		$10,459,532,890	100.000%	

[1]Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed one percent of the property's full cash value, plus the amount necessary to make annual payments due on general obligation bonds or other indebtedness incurred prior to July 1, 1978, any bonded indebtedness for the acquisition or improvement or real property approved by a two-thirds majority of voters on or after July 1, 1978, and certain bonded indebtedness for school facilities approved by 55 percent of the voters. The County Director of Finance computes the additional rate of tax necessary to pay such scheduled debt service and presents the tax rates for all taxing jurisdictions in the County to the County Board.

The tax rate necessary to pay debt service in a given year largely depends on the net assessed value of taxable property in that year. The net assessed value of taxable property may be affected by several factors, such as a general market decline in land values, reclassification of property to a class exempt from taxation, such as property owned by State and local agencies, or property used for certain educational, hospital, charitable or religious purposes, or the destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, drought, toxic dumping, *etc*. Any of these instances could cause a reduction in the net assessed value of taxable property within the District, necessitating a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates per $100 of assessed value for the last five years in a typical tax rate area of the District (TRA 7-014). The fiscal year 2017-18 assessed valuation of TRA 7-014 is $19,921,767,704, approximately 34.01 percent of the total assessed value of taxable property in the District. Typical tax rate data for fiscal year 2017-18 is not yet available.

Typical Total Tax Rates per $100 of Assessed Valuation
TRA 7-014
Santa Clara Unified School District

	2012-13	2013-14	2014-15	2015-16	2016-17
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
County Retirement Levy	0.0388	0.0388	0.0388	0.0388	0.0388
County Hospital Bonds	0.0051	0.0035	0.0091	0.0088	0.0086
Santa Clara Unified School District	0.0819	0.0707	0.0704	0.0942	0.0818
West Valley Community College District	0.0289	0.0255	0.0120	0.0232	0.0196
Total All Property Tax Rate	$1.1547	$1.1385	$1.1303	$1.1650	$1.1488
Santa Clara Valley Water District State Water Project	$0.0069	$0.0070	$0.0065	$0.0057	$0.0086
Total Land and Improvement Tax Rate	$0.0069	$0.0070	$0.0065	$0.0057	$0.0086

Source: California Municipal Statistics, Inc.

The more property (by assessed value) that is owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and their ability or willingness to pay property taxes. In fiscal year 2017-18, no single taxpayer owned more than 4.44 percent of the total secured taxable property in the District. However, each taxpayer listed is a unique name on the tax rolls. The District cannot determine from assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the list of largest taxpayers identified in the following table.

The 20 taxpayers in the District with the greatest combined secured assessed valuation of taxable property on the fiscal year 2017-18 tax roll own property that comprises 24.12 percent of the local assessed valuation of secured property in the District. These taxpayers, ranked by aggregate assessed value of taxable property as shown on the fiscal year 2017-18 secured tax roll and the amount of each owner's assessed valuation for all taxing jurisdictions within the District are shown in the following table.

Largest Taxpayers
Santa Clara Unified School District

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	Percent of Total[1]
1.	Campus Holdings Inc.	Manufacturing/Office	$2,183,764,481	4.44%
2.	Cisco Technology Inc.	Industrial	1,149,979,973	2.34
3.	Forty Niners SC Stadium Company LLC	Stadium	1,108,534,628	2.25
4.	Intel Corporation	Manufacturing/Office	895,112,408	1.82
5.	Sobrato Interests	Office Building	762,824,065	1.55
6.	River View Apartments	Apartments	662,485,909	1.35
7.	M West Prop Co	Industrial	515,117,956	1.05
8.	Xeres Ventures LLC	Industrial	484,485,934	0.98
9.	Augustine Bowers LLC	Office Building	444,955,429	0.90
10.	The Irvine Company	Office Building	437,048,933	0.89
11.	Essex Portfolio LP	Apartments	388,323,695	0.79
12.	Samsung Semiconductor Inc.	Office Building	388,236,696	0.79
13.	Oracle America Inc.	Office Building	379,539,438	0.77
14.	3515-3585 Monroe Street LLC	Apartments	378,217,272	0.77
15.	Columbia California Campus 3333 Office	Office Building	311,174,590	0.63
16.	Nvidia Land Development LLC	Office Building	311,001,634	0.63
17.	Equity Tasman Apartments LLC	Apartments	298,643,402	0.61
18.	Brocade Communications Systems Inc.	Office Building	270,629,384	0.55
19.	Leeco Real Estate Group LLC	Industrial	255,000,000	0.52
20.	US ER America Center 2 LLC	Office Building	250,669,015	0.51
			$11,875,744,842	24.12%

[1]Fiscal year 2017-18 local secured assessed valuation: $49,225,911,275.
Source: California Municipal Statistics, Inc.

Another factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the number of other taxes already imposed by other taxing jurisdictions in which a property is included. Contained within the District's boundaries are numerous overlapping local entities providing public services which may have outstanding long-term obligations in the form of general obligation, lease revenue and special assessment bonds. Such 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.

The following table shows long-term obligations sold in the public credit markets by the public agencies listed. The first column in the table names each public agency which has outstanding debt as of October 1, 2017 and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (not shown) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District. Property owners within the District may be subject to other special taxes and assessments levied by other taxing authorities providing services within the District. Such non-*ad valorem* special taxes and assessments (which are not levied to fund debt service) are not represented in the statement of direct and overlapping bonded debt. *The statement of direct and overlapping bonded debt relating to the District set forth below was prepared by California Municipal Statistics, Inc. It has been included for general information purposes only. The District has not reviewed the statement for completeness or accuracy and makes no representations in connection with the statement.*

Statement of Direct and Overlapping Bonded Debt (As of October 1, 2017)
Santa Clara Unified School District

2017-18 Assessed Valuation: $58,580,047,650	Percent Applicable	Debt as of October 1, 2017
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Santa Clara County	13.024%	$101,051,914
Foothill-DeAnza Community College District	0.037	234,579
San Jose-Evergreen Community College District	0.201	853,296
West Valley-Mission Community College District	44.083 [1]	174,176,341
Santa Clara Unified School District	**100.000**	**471,415,000** [2]
City of San Jose	7.820	26,804,614
El Camino Hospital District	1.853	4,065,667
Midpeninsula Regional Open Space District	3.036	1,316,303
Santa Clara Valley Water District Benefit Assessment District	13.024	11,844,677
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$791,762,391
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	13.024%	$82,766,175
Santa Clara County Pension Obligation Bonds	13.024	46,566,944
Santa Clara County Board of Education Certificates of Participation	13.024	741,066
Foothill-De Anza Community College District Certificates of Participation	0.037	11,206
San Jose-Evergreen Community College District Other Post Employment Benefit Obligation Bonds	0.201	95,375
West Valley-Mission Community College District General Fund Obligations	44.083 [1]	27,798,740
Santa Clara Unified School District Certificates of Participation	100.000	13,740,000
City of Cupertino General Fund Obligations	10.955	3,691,835
City of San Jose General Fund Obligations	7.820	45,956,185
City of Santa Clara General Fund Obligations	92.709	18,462,997
City of Sunnyvale General Fund Obligations	13.265	2,267,652
Midpeninsula Regional Open Space District General Fund Obligations	3.036	3,258,530
Santa Clara County Vector Control District Certificates of Participation	13.024	349,694
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$245,706,399
Less: Santa Clara County supported obligations		56,789,665
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$188,916,734
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		
San Jose Redevelopment Agency	40.381%	$662,337,238
Santa Clara Redevelopment Agency	100.000	57,722,773
TOTAL OVERLAPPING TAX INCREMENT DEBT		$720,060,011
GROSS COMBINED TOTAL DEBT		$1,757,528,801 [3]
NET COMBINED TOTAL DEBT		$1,700,739,136

Ratios to 2017-18 Assessed Valuation:
Direct Debt ($471,415,000) 0.80%
Total Direct and Overlapping Tax and Assessment Debt 1.35%
Combined Direct Debt ($485,155,000) 0.83%
Gross Combined Total Debt 3.00%
Net Combined Total Debt 2.90%

Ratios to Successor Agency Redevelopment Incremental Valuation ($18,115,809,254):
Total Overlapping Tax Increment Debt 3.97%

[1]Based on 2016-17 ratios.
[2]Excludes general obligation bonds to be sold.
[3]Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction assessed as of January 1, at which time the tax lien attaches. The Santa Clara County Tax Collector (the "County Tax Collector") is presented with a tax roll created from the combined rolls of the County Assessor and the SBE. The County Tax Collector prepares and mails tax bills to taxpayers and collects the taxes.

Property taxes on the regular secured roll are due in two equal installments. The first installment is due on November 1 and becomes delinquent after 5:00 p.m. on December 10. The second installment is due on February 1 and becomes delinquent after 5:00 p.m. on April 10. Taxes remaining unpaid as of 5:00 p.m. on June 30 are enrolled on the redemption roll. After five years, the County generally has the power to sell tax-defaulted property that is not redeemed; proceeds from such sale are applied to the payment of the delinquent taxes. Annual bills for property taxes on the unsecured roll are mailed during July; taxes on the unsecured roll are due on August 31 and become delinquent after 5:00 p.m. Taxes unpaid by the delinquency date will have a lien recorded against the property owner. Any property tax payment received after the delinquency date is subject to a 10 percent penalty plus $20 cost imposed on the installment.

As long as the Teeter Plan remains in effect in the County, discussed below, the District will be credited with the full amount of the tax levy no matter the delinquency rate within the District. See "—Alternative Method of Tax Apportionment" herein.

The following table shows a five-year history of real property tax collections and delinquencies in the District.

Secured Tax Charges and Delinquencies
Santa Clara Unified School District

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent As of June 30	Percent Delinquent As of June 30
2012-13	n/a	n/a	0.29%
2013-14	$22,423,053.19	$180,972.90	0.81
2014-15	24,757,560.71	390,664.82	1.58
2015-16	38,264,894.31	266,845.29	0.70
2016-17	36,579,197.92	166,326.05	0.45

[1]Bond debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment

The County Board has approved implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") pursuant to the California Revenue and Taxation Code (the "Revenue and Taxation Code") Section 4701 *et seq*. The Teeter Plan guarantees distribution to each local agency in the County an amount equal to 100 percent of the *ad valorem* taxes levied on their behalf on the secured roll within the County, with the County retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections.

The cash position of the County Director of Finance is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In any given fiscal year, when the amount in the Tax Loss Reserve Fund exceeds a specified amount as prescribed by law, such excess amounts may be credited for the remainder of that fiscal year to the County's general fund. Amounts required to be maintained in the Tax Loss Reserve Fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

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

If the Teeter Plan were discontinued in the County, only those secured property taxes actually collected in the County would be allocated to political subdivisions, including the District. The District's tax revenues would be subject to taxpayer delinquencies; however, the District would realize the benefit of interest and penalties collected from delinquent taxpayers, pursuant to law.

SANTA CLARA COUNTY TREASURY POOL

This section provides a general description of the County Investment Policy and current portfolio holdings. The information set forth under this section relating to the Santa Clara County Treasury Pool has been obtained from the Santa Clara County Finance Agency and is believed to be reliable but is not guaranteed as to accuracy or completeness. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained by contacting the County of Santa Clara, Director of Finance, Finance Agency, County Government Center, East Wing, 70 West Hedding Street, San Jose, California, 95110, telephone (408) 299-2541.

The County Director of Finance manages the Santa Clara County Treasury Pool (the "County Pool") in which certain funds of the County and certain funds of other participating entities are pooled and invested pending disbursement. General participants are those government agencies within the County, including the District, for which the County Director of Finance is statutorily designated as the custodian of such funds. The County Director of Finance is the *ex officio* treasurer of each of these participating entities, and such entities are legally required to deposit their cash receipts and revenues in the County Treasury. Under State law, withdrawals are allowed only to pay for expenses that have become due. The governing board of each school district and special district within the County may allow, by appropriate board resolution, certain withdrawals of non-operating funds for purposes of investing outside the County Pool. Some districts have from time to time authorized the County Director of Finance to purchase specified investments for certain district funds to mature on predetermined future dates when cash would be required for disbursements. Other local agencies, such as special districts and cities for which the County Director of Finance is not the statutorily designated fund custodian, may participate in the County Pool. Such participation is subject to the consent of the County Director of Finance and must be in accordance with State law.

Funds held in the County Pool are invested by the County Director of Finance in accordance with State law and the County Investment Policy, which is prepared by the County Director of Finance and approved by the County Board. A copy of the County Investment Policy is attached hereto as "APPENDIX D." The County Investment Policy sets forth the investment objectives, in order of priority, of safety of principal, liquidity and yield. In addition, the County Investment Policy describes the instruments eligible for inclusion in the County Pool and the limitations applicable to each type. A County Treasury Oversight Committee monitors the performance of the County Pool quarterly. The County Director of Finance neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District will maintain or cause to be maintained detailed records with respect to the applicable proceeds.

A summary description of the composition of the County Pool from the quarterly investment report as of June 30, 2017 is provided in the following table.

Securities by Type as of June 30, 2017
Santa Clara County Treasury Pool

Investments	Book Value	Percent of Portfolio
Federal Agencies	$3,876,524,363	57.60%
Corporate Bonds	452,223,802	6.72
Repurchase Agreements	--	0.00
Commercial Paper	733,603,055	10.90
Asset-Backed Securities ("ABS")	345,532,895	5.13
ABS Green Bonds	3,999,855	0.06
Municipal Securities	68,569,877	1.02
U.S. Treasuries	40,185,238	0.60
Negotiable CD's	615,001,313	9.14
LAIF	40,376,758	0.60
Money Market Funds	316,813,402	4.71
Supranationals	192,365,614	2.86
Supranationals Green Bonds	45,000,000	0.67
Total	$6,730,196,172	100.00%

Source: County of Santa Clara, Finance Agency.

Neither the District nor the Underwriter has made an independent investigation of the investments in the County Pool and has made no assessment of the current County Investment Policy. The value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Director of Finance, upon the approval by the County Board, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described therein.

CITY AND COUNTY ECONOMIC PROFILE

The information in this section concerning the economy of the City and County is provided as supplementary information only, and is not intended to be an indication of security for the Bonds. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

General Information

The County, founded in 1850, is located at the southern end of the San Francisco Bay Area region of the State. Encompassing approximately 1,316 square miles, the County is comprised of rural mountain ranges, wetlands and salt marshes, unincorporated ranch and farmland, and extensively urbanized areas, with 13 of the County's 15 cities in its northern portion. The County ranks sixth in population out of the 58 counties in the State. The County has a diverse culture with more than 100 different languages or dialects spoken. Also referred to as "Silicon Valley," the dominant industry in the County is technology. Based on data compiled by CoreLogic, the median sale price of a single-family home in the County was $950,000 in July 2017, an increase of approximately 9.2 percent from $870,00 in July 2016.

The City, founded in 1852, encompasses approximately 18 square miles located in the northern portion of the County, approximately 45 miles southeast of San Francisco and three miles west of the city of San Jose's downtown. The City is headquarters to several technology firms including electronics, telecommunications, computer and semiconductor firms, as well as a university, a community college and a general hospital. Based on data compiled by CoreLogic, the median sale price of a single-family home in the City was $1,080,000 in July 2017, an increase of approximately 17.4 percent from $920,000 in July 2016.

Population

The following table displays estimated population as of January 1 for the past five years for the City, the County and the State.

Historical Population
City of Santa Clara, Santa Clara County and the State of California

	2013	2014	2015	2016	2017
City of Santa Clara	120,822	121,482	121,716	123,640	123,983
Santa Clara County	1,856,416	1,879,196	1,903,209	1,922,619	1,938,180
State of California	38,238,492	38,572,211	38,915,880	39,189,035	39,523,613

Source: State Department of Finance.

Personal Income

Total personal income includes income from all sources including net earnings, dividends, interest and rent, and personal current transfer receipts received by residents in the region. *Per capita* personal income ("PCPI") was $82,756 in the County in 2015, an increase of 6.6 percent from 2014 levels, compared to an increase of 5.4 percent statewide and 3.7 percent nationally. The following table shows PCPI for the County as well as for the State and the United States for the past five years for which data is available.

***Per Capita* Personal Income**
Santa Clara County, State of California, United States

	2011	2012	2013	2014	2015
Santa Clara County	$66,222	$72,799	$72,246	$77,663	$82,756
State of California	45,820	48,312	48,471	50,988	53,741
United States	42,453	44,267	44,462	46,414	48,112

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

Labor Force and Employment

The following table contains a summary of the City's historical unemployment data for the past four years and for the current year as of the most recent month available, not seasonally adjusted.

Historical Unemployment
City of Santa Clara

	Annual 2013	Annual 2014	Annual 2015	Annual 2016	August 2017[1]
Total Labor Force	59,600	65,800	66,900	67,400	69,200
Number of Employed	55,900	62,700	64,400	65,100	66,800
Number of Unemployed	3,700	3,100	2,500	2,300	2,400
Unemployment Rate	6.3%	4.7%	3.7%	3.4%	3.4%

[1]Preliminary.
Source: State Employment Development Department.

The following table contains a summary of the County's historical unemployment data for the past four years and for the current year as of the most recent month available, not seasonally adjusted.

Historical Unemployment
Santa Clara County

	Annual 2013	Annual 2014	Annual 2015	Annual 2016	August 2017[1]
Total Labor Force	923,200	995,600	1,018,400	1,026,500	1,032,400
Number of Employed	860,100	943,800	976,100	987,900	992,900
Number of Unemployed	63,200	51,800	42,300	38,600	39,500
Unemployment Rate	6.8%	5.2%	4.2%	3.8%	3.8%

[1]Preliminary.
Source: State Employment Development Department.

Employment by Industry

The following table shows the County's labor patterns by type of industry for the past five years for which data is available, by annual average, not seasonally adjusted.

Historical Employment by Industry
Santa Clara County

	2011	2012	2013	2014	2015
Total, All Industries	914,800	950,700	991,000	1,028,900	1,060,600
Total Farm	3,300	3,300	3,500	3,700	3,900
Total Nonfarm	911,500	947,300	987,500	1,025,200	1,056,700
Goods Producing	188,000	190,600	195,800	203,300	209,300
Mining and Logging	200	300	300	200	300
Construction	34,100	36,700	38,800	42,900	47,600
Manufacturing	153,700	153,600	156,700	160,200	161,300
Service Providing	723,400	756,800	791,700	821,900	847,400
Trade, Transportation & Utilities	129,000	131,900	134,600	136,100	137,300
Information	54,100	58,600	65,600	70,400	74,500
Financial Activities	32,900	33,300	33,800	34,200	35,200
Professional & Business Services	177,200	190,100	201,800	215,200	224,100
Educational & Health Services	135,700	142,600	148,700	154,900	160,600
Leisure & Hospitality	81,300	86,300	90,700	94,500	97,600
Other Services	24,400	25,000	26,000	26,500	27,000
Government	88,700	89,000	90,600	90,100	91,200
Federal Government	9,700	9,800	9,800	9,800	9,900
State Government	6,200	6,100	6,200	6,500	6,500
Local Government	72,800	73,100	74,600	73,800	74,800

Figures may not total due to rounding.
Source: State Employment Development Department.

Major Employers

The following table provides a list of 10 major employers, corresponding number of employees and percent of total employment in the City for fiscal year 2015-16.

Major Employers
City of Santa Clara

	Employer	Number of Employees	Percent of Total City Employment
1	Applied Materials, Inc.	8,500	22.1%
2	Intel Corporation	7,801	20.3
3	California's Great America	2,500	6.5
4	Avaya Inc.	2,000	5.2
5	Santa Clara City Hall	1,759	4.6
6	EMC Corporation	1,338	3.5
7	Macy's	1,200	3.1
8	Santa Clara University	1,200	3.1
9	Catalyst Semiconductor Inc.	1,100	2.9
10	LSA Global	1,001	3.0
	Total Top 10	28,399	73.9%
	Total City Employment	38,421	100.0%

Source: City of Santa Clara, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

The following table provides a list of 10 major employers, corresponding number of employees and percent of total employment in the County for fiscal year 2015-16.

Major Employers
Santa Clara County

	Employer	Number of Employees	Percent of Total County Employment
1	Google Inc.	20,000	1.10%
2	Apple Computer, Inc.	19,000	1.61
3	County of Santa Clara	16,837	1.69
4	Stanford University	13,500	1.35
5	Kaiser Permanent	12,500	1.25
6	Intel Corporation	10,801	1.08
7	Stanford Healthcare	10,034	1.01
8	Facebook Inc.	6,799	0.68
9	Oracle Corp.	6,750	0.68
10	Tesla Motors Inc.	6,529	0.65
	Total Top 10	122,750	11.11%
	Total County Employment	996,800	100.00%

Source: County of Santa Clara, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

Commercial Activity

Total taxable sales reported during calendar year 2015 in the City were $4,433,989,000, a 5.1 percent increase from the total taxable sales of $4,220,131,000 reported during calendar year 2014.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City for the past five years is presented in the following table. Data for calendar year 2016 is not yet available.

Taxable Retail Sales
City of Santa Clara

	2011	2012	2013	2014	2015
Sales Tax Permits	4,183	4,285	4,495	4,506	n/a[1]
Taxable Sales (000's)	$3,394,047	$3,740,168	$3,890,974	$4,220,131	$4,433,989

[1]Beginning in 2015, the reporting criteria for the number of permits/outlets changed, making the data not comparable to prior years.
Source: State Board of Equalization.

Total taxable sales reported during calendar year 2015 in the County were reported to be $41,231,758,000, a 4.0 percent increase from the total taxable sales of $39,628,655,000 reported during calendar year 2014.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County for the past five years is presented in the following table. Data for calendar year 2016 is not yet available.

Taxable Retail Sales
Santa Clara County

	2011	2012	2013	2014	2015
Sales Tax Permits	43,390	43,980	45,310	45,852	n/a[1]
Taxable Sales (000's)	$33,431,217	$36,220,445	$37,621,606	$39,628,655	$41,231,758

[1]Beginning in 2015, the reporting criteria for the number of permits/outlets changed, making the data not comparable to prior years.
Source: State Board of Equalization.

Construction Activity

Estimated new privately-owned residential housing units authorized by building permits and total construction costs in the County for the past five years are shown in the following table.

New Residential Building Permits
Santa Clara County

	2012	2013	2014	2015	2016
Single-Family Residential Units	1,460	1,729	1,756	1,685	1,646
Multi-Family Residential Units	4,031	5,892	8,176	3,885	4,063
Total New Building Permit	5,491	7,621	9,932	5,570	5,709
Total Construction Costs (000's)	$1,052,186	$1,613,258	1,867,632	$1,322,181	$1,176,448

Source: U.S. Bureau of the Census, Building Permit Estimates.

THE DISTRICT

The information in this section concerning the operations of the District and its finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

General Information

The District, a political subdivision of the State established in 1966 upon the unification of four existing school districts, is a unified school district encompassing approximately 56 square miles in the northern central portion of the County. The District serves a population of approximately 154,300 people residing primarily in the City as well as in portions of the neighboring cities of Sunnyvale, San Jose and Cupertino. The District provides education to approximately 15,400 students in transitional kindergarten though twelfth grade. The District operates 17 elementary schools serving kindergarten through fifth grade (seven of which also offer transitional kindergarten), one elementary school serving kindergarten through eighth grade, three middle schools serving sixth through eighth grades, two comprehensive high schools serving ninth through twelfth grades, and four alternative high schools programs including an alternative high school, an independent high school, a continuation high school, and a community day school. Located in the heart of Silicon Valley, the District has been a basic aid district since fiscal year 1998-99.

The Board of Education and Key Administrative Personnel

The District Board governs all activities related to public education within the jurisdiction of the District. The District Board has the decision-making authority, the power to designate management, the responsibility to significantly influence operations and is accountable for all fiscal matters relating to the District.

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

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

Board of Education
Santa Clara Unified School District

Name	Title	Term Expires
Andrew Ratermann	President	November 2018
Noelani Pearl Hunt	Vice President	November 2018
Jim Canova	Member	November 2018
Albert Gonzalez	Member	November 2020
Jodi Muirhead	Member	November 2018
Mark Richardson	Member	November 2020
Michele Ryan, Ph.D.	Member	November 2020

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

Basic Aid District

The District operates as a "basic aid" district (also referred to as "community-funded") because the District receives more funding from local property tax revenue than it otherwise would receive from the State for unrestricted general fund revenue under the Local Control Funding Formula ("LCFF"). Approximately 10 percent of school districts in the State are basic aid districts. While the District receives more from local property tax revenue than it otherwise would under LCFF, the District is still entitled to receive State funding for certain categorical programs, and minimum State aid under LCFF to ensure at least the same level of State aid as received in fiscal year 2012-13 when more categorical programs were funded by the State. See "DISTRICT FINANCIAL INFORMATION—Revenues" and "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein.

Parcel Tax

A school district has authority to levy a qualified special tax upon approval by two-thirds of the votes cast on a proposal pursuant to Section 4 of Article XIIIA of the State Constitution and Sections of 50075 *et seq*. of the Government Code. In May 2012, voters within the District approved an $84 tax per parcel known as "Measure A" effective fiscal year 2012-13 for a period of five years through fiscal year 2016-17, with exemptions available for persons 65 years of age or older. The stated purposes of and restricted uses of the funds from the parcel tax were to maintain the quality of the District's core academic programs in math and science, keep libraries open, attract and retain the best qualified teachers and provide up-to-date textbooks and classroom technology. The District received $2,680,535 in revenues (unaudited) from the parcel tax in fiscal year 2016-17. The parcel tax is no longer in effect for fiscal year 2017-18.

Enrollment

Student enrollment determines to a large extent the amount of funding a State public school district receives for program, facilities and staff needs. Average daily attendance ("ADA") is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs. The ADA as of the last day of the last full attendance month concluding prior to April 15 ("P-2 ADA") is used by the State as the basis for State apportionments. However, because the District operates as a basic aid district, receiving almost all of its LCFF revenue from local property taxes rather than State sources, the District's LCFF funding does not significantly depend on ADA.

Set forth in the following table is the historical and projected P-2 ADA for the District.

Average Daily Attendance
Santa Clara Unified School District

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17[1]	2017-18[2]
Total P-2 ADA	14,551	14,548	14,477	14,768	14,586	14,687	14,700	14,728

[1]Unaudited.
[2]Budgeted.

Charter Schools

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

There are no charter schools operating in the District.

Employee Relations

State law provides that employees of public school districts of the State are to be divided into appropriate bargaining units which then may be represented by an exclusive bargaining agent. The District has three recognized bargaining agents representing its employees. The United Teachers of Santa Clara / California Teachers' Association ("UTSC / CTA") represents non-management certificated staff, and the California Federation of Teachers / American Federation of Teachers, Local 6343 ("CFT / AFT #6343") represents all non-management certificated staff for adult education. The California School Employees Association, Chapter 350 ("CSEA #350") represents non-management classified employees.

Set forth in the following table are the District's bargaining units, number of full-time equivalents ("FTEs") budgeted for fiscal year 2017-18, and contract status.

Bargaining Units, Number of Employees and Contract Status
Santa Clara Unified School District

Bargaining Unit	Full-Time Equivalents	Contract Status
UTSC / CTA	___	In negotiations for fiscal year 2017-18
CFT / AFT #6343	___	In negotiations for fiscal year 2017-18
CSEA #350	556	In negotiations for fiscal year 2017-18

The District has an additional 90 FTEs not represented by a bargaining unit budgeted for fiscal year 2017-18.

Pension Plans

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

The District accounts for its pension costs and obligations pursuant to *Governmental Accounting Standards Board* ("GASB") *Statement No. 67, Financial Reporting for Pension Plans* ("GASB 67") and *Statement No. 68, Accounting and Financial Reporting for Pensions* ("GASB 68") which replaced GASB Statements Nos. 25 and 27, respectively. GASB 68 requires an employer that provides a defined benefit pension, such as the District, to recognize and report its long-term obligation for pension benefits as a liability as it is earned by employees. The District implemented the new reporting standards as reflected in the District's financial statements for fiscal year 2014-15. See "APPENDIX A—THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2016" attached hereto.

STRS—Description and Contributions. STRS operates under the Education Code sections commonly known as the State Teachers' Retirement Law. Membership is mandatory for all certificated employees of State public schools meeting the eligibility requirements. STRS provides retirement, disability and death benefits based on an employee's years of service, age and final compensation. Employees vest after five years of service and may receive early retirement benefits as early as age 50 or normal retirement either at age 60 or 62 depending on their hire date. Except as required for employees hired after January 1, 2013, STRS employee contribution rates are established by the State Legislature. The fiscal year 2016-17 contribution requirement for active plan members with an enrollment date prior to January 1, 2013 is 10.25 percent of salary. For active plan members with an enrollment date on or after January 1, 2013, the employee contribution rate is at least 50 percent of the total annual normal cost of their pension benefit each year as determined by an actuary (9.205 percent in fiscal year 2016-17). Because STRS contribution rates are established by statute, unlike typical defined benefit programs, the District's contribution rate does not vary annually to make up funding shortfalls or assess credits based on actuarial determinations.

State Assembly Bill 1469, signed into law as part of the fiscal year 2014-15 State budget, established a plan to eliminate the unfunded STRS liability over a period of approximately 30 years through a combination of State funding and increased school district and employee payments. Employee contributions increased to 10.25 percent of pay in fiscal year 2016-17, employer contributions increase to 19.1 percent of eligible pay by fiscal year 2020-21, and State contributions increased by 4.311 percent by fiscal year 2016-17.

The District's actual STRS contributions for fiscal years 2011-12 through 2016-17 and budgeted STRS contributions for fiscal year 2017-18 are set forth in the following table.

STRS Employer Contributions
Santa Clara Unified School District

Fiscal Year	District Contribution Rate	District Contributions[1]	Total District Governmental Funds Expenditures	District Contributions as Percentage of Total Governmental Funds Expenditures
2011-12	8.25%	$5,417,754	$253,886,060	2.13%
2012-13	8.25	5,472,079	251,536,257	2.18
2013-14	8.25	5,898,113	268,876,798	2.19
2014-15	8.88	7,077,425	239,768,125	2.95
2015-16	10.73	9,567,166	267,825,252	3.57
2016-17[2]	12.58	18,768,572 [3]	339,004,107	5.54
2017-18[4]	14.43	23,683,288 [5]	347,188,612	6.82

[1]In each instance equal to 100 percent of the required contribution.
[2]Unaudited.
[3]Includes State on-behalf payment of $_,___,___. Excluding the State on-behalf payment would reduce the District contribution as percentage of total governmental funds expenditures in fiscal year 2016-17 to _.__ percent.
[4]Projected as of the fiscal year 2017-18 adopted budget.
[5]Includes State on-behalf payment of $_,___,___. Excluding the State on-behalf payment would reduce the District contribution as percentage of total governmental funds expenditures in fiscal year 2017-18 to _.__ percent.

PERS—Description and Contributions. All full-time classified employees of the District as well as certain part-time classified employees participate in PERS, which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries based on an employee's years of service, age and final compensation. Employees hired before January 1, 2013 fully vest after five years of service and may receive retirement benefits at age 50; employees hired after that date fully vest at age 52. These benefit provisions and all other requirements are established by State statute and District resolution. Active plan members with an enrollment date prior to January 1, 2013 are required to contribute seven percent of their salary, while active plan members with an enrollment date on or after January 1, 2013 are required to contribute the greater of 50 percent of normal costs or six percent of their salary. The District is required to pay an actuarially determined rate.

The District's actual PERS contributions for fiscal years 2011-12 through 2016-17 and budgeted PERS contributions for fiscal year 2017-18 are set forth in the following table.

PERS Employer Contributions
Santa Clara Unified School District

Fiscal Year	District Contribution Rate	District Contributions[1]	Total District Governmental Funds Expenditures	District Contributions as Percentage of Total Governmental Funds Expenditures
2011-12	10.923%	$2,667,453	$253,886,060	1.05%
2012-13	11.417	2,782,848	251,536,257	1.11
2013-14	11.442	3,005,373	268,876,798	1.12
2014-15	11.771	3,338,635	239,768,125	1.39
2015-16	11.847	3,792,635	267,825,252	1.42
2016-17[2]	13.888	5,775,405	339,004,107	1.70
2017-18[2]	15.531	7,463,564	347,188,612	2.15

[1]In each instance equal to 100 percent of the required contribution.
[2]Unaudited.
[3]Projected as of the fiscal year 2017-18 adopted budget.

Unfunded Liabilities and Pension Expense Reporting. Both STRS and PERS have substantial statewide, unfunded liabilities. The amount of these liabilities will vary depending on actuarial assumptions, returns on investment, salary scales and participant contributions. The actuarial funding method used in the STRS actuarial valuation as of June 30, 2016 is the entry age normal cost method, and assumes, among other things, a 7.25 percent investment rate of return, 7.25 percent interest on member accounts, projected 2.75 percent inflation, and projected payroll growth of 3.5 percent. Beginning in 2017, a 7.0 percent investment rate of return will be used for the STRS actuarial valuation.

The following table shows the statewide funding progress of the STRS plan for the previous six years.

Funding Progress
California State Teachers' Retirement System (STRS)[1]

Actuarial Valuation Date as of June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
2011	$143,930	$208,405	$64,475	69%	$26,592	242%
2012	144,232	215,189	70,957	67	26,404	269
2013	148,614	222,281	73,667	67	26,483	278
2014	158,495	231,213	72,718	69	26,398	275
2015	165,553	241,753	76,200	69	28,640	266
2016	169,976	266,704	96,728	64	n/a	n/a

[1]Dollars in millions.
Source: California State Teachers' Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016; California State Teachers' Retirement System, Defined Benefit Program Actuarial Evaluation for Fiscal Year Ended June 30, 2016.

Pursuant to Government Code Section 20840 *et seq*., PERS is authorized to create risk pools for public agencies, combining assets and liabilities across employers in large risk-sharing pools to help reduce the large fluctuations in the employer's contribution rate caused by unexpected demographic events. The "Schools Pool" provides identical retirement benefits to nearly all classified school employees in the State. The actuarial funding method used in the PERS Schools Pool actuarial valuation as of June 30, 2015 is the individual entry age normal cost method, and assumes, among other things, a 7.5 percent investment rate of return and projected 2.75 percent inflation; projected payroll growth varies by entry age and service. In December 2016, PERS approved a plan to reduce the assumed investment rate of return from 7.5 percent to 7.0 percent over a three-year period. PERS expects that the employer contribution rate will increase during the next few years as the impact of the decision lower the investment return assumption is phased in.

The following table shows the statewide funding progress of the PERS plan for the previous six years. Actuarial valuation as of June 30, 2016 is not yet available.

Funding Progress
Public Employees' Retirement System (PERS) Schools Pool[1]

Actuarial Valuation Date as of June 30	Market Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
2010	$38,435	$55,307	$16,872	70%	$11,283	150%
2011	45,901	58,358	12,457	79	10,540	118
2012	44,854	59,439	14,585	76	10,242	142
2013	49,482	61,487	12,005	81	10,424	115
2014	56,838	65,600	8,761	87	11,294	78
2015	56,814	73,325	16,510	78	12,098	136

[1]Dollars in millions.
Source: California Public Employees' Retirement System, Schools Pool Actuarial Valuation as of June 30, 2015.

For the year ended June 30, 2016, the District's combined recognized pension expense was $20,156,195. The District's total net pension liability as of June 30, 2016 was $153,368,000.

The District's recognized pension expenses and net pension liability as reported financial statements for fiscal years 2014-15, the first year for which the data was provided, and 2015-16 are set forth in the following tables.

Proportionate Share of the Net Pension Liability—STRS
Santa Clara Unified School District

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of Statewide Liability as Percentage of Covered Employee Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
2014-15	0.161%	$93,812,000	$71,503,000	131.20%	76.52%
2015-16	0.172	115,605,000	79,701,000	145.05	74.02

Proportionate Share of the Net Pension Liability—PERS
Santa Clara Unified School District

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of Statewide Liability as Percentage of Covered Employee Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
2014-15	0.250%	$28,385,000	26,247,000	108.15%	83.38%
2015-16	0.256	37,763,000	28,363,000	133.14	79.43

The District is unable to predict future amount of State pension liabilities and amount of required District contributions. Pension plan, annual contribution requirements and liabilities are more fully described in "APPENDIX A—THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2016" attached hereto.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described above, the District provides postemployment health care benefits (known as "other postemployment benefits," or "OPEB"), in accordance with District employment contracts, to retirees meeting certain eligibility requirements. The District provides health care benefits, including medical, dental and vision benefits to classified employees who retire from the District on or after the age of 55 with at least 10 years of service, to certificated employees who retire on or after attaining the age of 50 with at least 10 years of service, and to management and administrative employees who retire on or after the age of 50 with at least five years of service. Benefits are paid for classified and certificated employees for four years and for management and administrative employees for five years.

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

The District completed an actuarial study assessing the District's OPEB liability as of July 1, 2014. Based on the study, the District's actuarial accrued liability (the "AAL"), which can also be considered to be the present value of all benefits earned to date assuming that an employee accrues retiree healthcare benefits ratably over his career, was $__,___,___. The AAL is an actuarial estimate that depends on a variety of assumptions about future events, such as health care costs and beneficiary mortality. Every year, active employees earn additional future benefits, an amount known as the "normal cost," which is added to the AAL. To the extent that the District has not set aside moneys in an irrevocable trust with which to pay these accrued and accruing future liabilities, there is an unfunded actuarial accrued liability ("UAAL"). As of July 1, 2014, the District had not set aside any funds in an irrevocable trust to fund its future obligations; as a result, the District's UAAL was $__,___,___.

The annual required contribution ("ARC") is the amount required if the District were to fund each year's normal cost plus an annual amortization of the unfunded actuarial accrued liability, assuming the UAAL will be fully funded over a 30-year period. If the amount budgeted and funded in any year is less than the ARC, the difference reflects the amount by which the UAAL is growing. The actuarial study calculated the ARC to be $_,___,___ in fiscal year 2014-15.

The District funds its OPEB liability on a "pay-as-you go" basis. The District spent $663,091 (unaudited) in OPEB in fiscal year 2016-17 and budgets spending $612,927 in OPEB in fiscal year 2017-18.

See "APPENDIX A—THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2016" for additional information regarding the District's OPEB.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and its finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

Accounting Practices

The District accounts for its financial transactions in accordance with the policies and procedures of the State Department of Education's *California School Accounting Manual,* which, pursuant to Education Code Section 41010, is to be followed by all school districts in the State. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

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

The independent auditor for the District in fiscal year 2015-16 was Crowe Horwath LLP, Sacramento, California (the "Auditor"). The financial statements of the District as of and for the year ended June 30, 2016 are set forth in "APPENDIX A" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not been engaged to perform and has not performed, since the date of its report attached hereto, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

Budget and Financial Reporting Process

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

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

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

The school district budgeting process involves continuous planning and evaluation. Within the deadlines, school districts work out their own schedules for considering whether or not to hire or replace staff, negotiating contracts with all employees, reviewing programs, and assessing the need to repair existing or acquire new facilities. Decisions depend on the critical estimates of enrollment, fixed costs, commitments in contracts with employees as well as best guesses about how much money will be available for elementary and secondary education. The timing of some decisions is forced by legal deadlines. For example, preliminary layoff notices to teachers must be delivered in March, with final notices in May. This necessitates projecting enrollments and determining staffing needs long before a school district will know either its final financial position for the current year or its revenue for the next year.

School districts must adopt an annual budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The governing board of the school district must not adopt a budget before the governing board adopts a local control and accountability plan (the "LCAP") for that budget year. See "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the school district to meet its current obligations, will determine if the budget is consistent with a financial plan that will enable the school district to meet its multi-year financial commitments, and will determine if the budget ensures the fiscal solvency and accountability for the goals outlined in the LCAP. On or before September 15, the county superintendent will approve or disapprove the adopted budget for each school district within its jurisdiction based on these standards. The school district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the school district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved, and no later than November 8, the county superintendent must notify the State Superintendent of all school district budgets that have been disapproved or budget committees waived.

For school districts whose budgets have been disapproved, the school district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, and responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of State Assembly Bill 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. Each school district is required by the Education Code to file two interim reports each year—the first report for the period ending October 31 by not later than December 15, and the second report for the period ending January 31 by not later than March 15. Each interim report shows fiscal year-to-date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years. If either the first or second interim report is not positive, the county superintendent may require the school district to provide a third interim report by June 1 covering the period ending April 30. If not required, a third interim report is generally not prepared (though may be at the election of the school district).

The county superintendent must annually present a report to the governing board of the school district and the State Superintendent of Public Instruction regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or negative interim certification, or that is determined at any time to be in a position of fiscal uncertainty pursuant to Education Code Section 42127.6. Any school district with a qualified or negative certification must allow the county office of education at least 10 working days to review and comment on any proposed agreement made between its bargaining units and the school district before it is ratified by the school district board (or the State administrator). The county superintendent will notify the school district, the county board of education, the school district governing board and the school district superintendent (or the State administrator), and each parent and teacher organization of the school district within those 10 days if, in his or her opinion, the agreement would endanger the fiscal well-being of the school district. Also, pursuant to Education Code Section 42133, a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or the next succeeding fiscal year, non-voter approved debt unless the county superintendent of schools determines that the repayment of that debt by the school district is probable.

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

Certifications of Interim Financial Reports
Santa Clara Unified School District

Fiscal Year	First Interim	Second Interim
2012-13	Positive	Positive
2013-14	Positive	Positive
2014-15	Positive	Positive
2015-16	Positive	Positive
2016-17	Positive	Positive

Financial Statements

Figures presented in summarized form herein have been gathered from the District's financial statements. The audited financial statements of the District for the fiscal year ending June 30, 2016, have been included in the appendix to this Official Statement. See "APPENDIX A" attached hereto. Audited financial statements and other financial reports for prior fiscal years are on file with the District and available for public inspection during normal business hours. Copies of financial statements relating to any year are available to prospective investors and or their representatives upon request by contacting Santa Clara Unified School District, 1889 Lawrence Road, Santa Clara, California, 95051, telephone (408) 423-2000, Attention: Chief Business Official, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 "N" Street, Suite 13, Sacramento, California 95814-5609, telephone (916) 444-5100.

The following table sets forth the District's audited General Fund balance sheet data for fiscal years 2011-12 through 2015-16.

General Fund Balance Sheet
Santa Clara Unified School District

	2011-12 Audited	2012-13 Audited	2013-14 Audited	2014-15 Audited	2015-16 Audited
ASSETS					
Deposits and Investments	$17,734,449	$19,740,315	$56,307,864	$73,972,977	$94,221,578
Receivables	6,439,091	7,309,929	6,565,793	5,125,636	4,275,289
Due from Grantor Governments	0	1,154,097	573,557	306,673	247,951
Due from Other Funds	1,194,448	4,389,667	1,096,071	693,318	1,423,140
Stores Inventories	151,731	174,463	129,892	125,163	114,348
Prepaid Expenditures	0	0	0	7,350	110,047
TOTAL ASSETS	$25,519,719	$32,768,471	$64,673,177	$80,231,117	$100,392,353
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$6,340,125	$5,870,434	$5,726,513	$7,474,229	$12,333,974
Due to Grantor Governments	2,672	65,670	357,333	113,009	37,695
Due to Other Funds	0	1,734,456	1,794,228	394,706	886,958
Deferred /Unearned Revenue	1,752,440	1,191,328	702,292	2,156,977	2,627,214
Total Liabilities	$8,095,237	$8,861,888	$8,580,366	$10,138,921	$15,885,841
FUND BALANCES					
Nonspendable	$191,731	$214,463	$169,892	$171,513	$264,395
Restricted	2,620,308	3,363,187	7,535,671	5,146,119	5,536,272
Assigned	4,414,871	3,968,339	34,700,861	43,988,751	43,945,505
Unassigned	10,197,572	16,360,594	13,686,387	20,784,813	34,760,340
Total Fund Balances	$17,424,482	$23,906,583	$56,092,811	$70,091,196	$84,506,512
TOTAL LIABILITIES AND FUND BALANCES	$25,519,719	$32,768,471	$64,673,177	$80,230,117	$100,392,353

The following table sets forth the District's audited General Fund activity for fiscal years 2012-13 through 2015-16, unaudited activity for fiscal year 2016-17 and budgeted activity for fiscal year 2017-18.

General Fund Activity
Santa Clara Unified School District

	2012-13 Audited	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Estimated	2017-18 Budgeted
BEGINNING BALANCE	$17,424,482	$23,906,583	$56,092,811	$70,091,196	$84,506,512	$109,369,635
REVENUES						
Revenue Limit/LCFF	$99,593,353	$142,411,148	$141,836,370	$157,172,468	$199,599,331	$203,386,389
Federal Revenue	6,344,395	5,750,592	5,495,767	5,284,570	5,803,117	5,343,203
Other State Revenues	13,091,064	9,017,406	10,527,636	19,867,027	15,032,102	13,605,702
Other Local Revenues	14,442,367	15,327,981	15,592,672	24,501,918	28,141,132	7,141,776
TOTAL REVENUES	$133,471,179	$172,507,127	$173,452,445	$206,825,983	$248,575,682	$229,477,070
EXPENDITURES						
Certificated Salaries	$66,346,765	$71,381,811	$78,740,381	$89,986,367	$107,262,820	$113,485,150
Classified Salaries	19,757,956	21,533,010	23,551,207	27,464,888	34,721,339	39,043,546
Employee Benefits	21,695,772	23,407,403	29,925,300	37,410,586	44,013,006	53,683,213
Books and Supplies	4,456,918	3,893,804	6,999,980	8,221,074	10,032,246	15,902,362
Services/Other Oper. Exp.	15,959,705	16,443,663	17,397,024	18,064,248	21,934,405	19,265,658
Capital Outlay	71,543	2,322,453	583,508	1,236,903	3,605,973	720,827
Other Outgo	123,516	70,815	1,119,258	1,122,956	(35,686)	121,936
TOTAL EXPENDITURES	$128,412,175	$139,052,959	$158,316,658	$183,507,022	$221,534,104	$242,222,693
OTHER FINANCING SOURCES	$1,423,097	($1,267,940)	($1,137,402)	($8,903,645)	($2,178,455)	($14,587,663)
NET INCREASE (DECREASE)	$6,482,101	$32,186,228	$13,998,385	$14,415,316	$24,863,123	($27,333,286)
ENDING BALANCE	$23,906,583	$56,092,811	$70,091,196	$84,506,512	$109,369,635	$82,036,349

Revenues

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

Revenue Limit / Local Control Funding Formula (LCFF). For nearly half a century, State school districts operated under general purpose revenue limit funding based on a district's average daily student attendance, much of which was restricted by category as to how each dollar could be spent. Revenue limit funding was calculated by multiplying a school district's ADA (using the greater of the current or prior year P-2 ADA) by the school district's revenue limit funding per ADA, with certain adjustments.

In landmark legislation effective fiscal year 2013-14, the State introduced a new formula, the Local Control Funding Formula (LCFF), to be phased in through fiscal year 2020-21. LCFF consolidates most categorical programs in order to give school districts more control over how to spend their revenues. At full implementation of LCFF, school districts will receive a uniform base grant per student based on grade span, a supplemental grant based on an unduplicated count of the targeted disadvantaged students ("unduplicated students") in the school district, and an additional concentration grant based on the number of unduplicated students in the school district above 55 percent, with qualifying schools receiving an additional necessary small school allowance. At full implementation of LCFF, school districts will receive a uniform base grant per student based on grade span, a supplemental grant based on an unduplicated count of the targeted disadvantaged students ("unduplicated students") in the school district, and an additional concentration grant based on the number of unduplicated students in the school district above 55 percent, with qualifying schools receiving an additional necessary small school allowance. In fiscal year 2016-17, based on P-2 ADA, approximately 49.83 percent of the District's students were unduplicated students. The base, supplemental, and concentration grant amounts per student were set in fiscal year 2012-13 and are subject to cost-of-living adjustments thereafter. School districts that would otherwise receive less funding at full implementation of LCFF than they did under the revenue-limit system are also guaranteed an additional Economic Recovery Target ("ERT") grant to restore funding to at or above their pre-recession funding, adjusted for inflation. The ERT add-on is paid incrementally over the LCFF implementation period. The District does not qualify for an ERT add-on. In fiscal year 2016-17, the District's LCFF funding at full implementation was calculated to be $129,658,189, comprised of $116,418,723 in base grant funding, $11,602,291 in supplemental grant funding, and $1,637,175 in add-on funding.

To calculate LCFF funding during the phase-in period, school districts calculate their "funding gap," the difference between LCFF funding calculated at full implementation and their "funding floor," an amount based on fiscal year 2012-13 funding levels under the revenue limit system adjusted for prior LCFF phase-in adjustments. School districts receive their funding floor plus a percentage of their funding gap as specified in the State budget. In fiscal year 2016-17, the State has budgeted funding 55 percent of the remaining funding gap. In fiscal year 2016-17, the District was calculated to receive $117,847,815 as its floor entitlement and $6,622,880 in gap funding under LCFF. However, the District operates as a basic aid district, receiving more from local property tax revenue more than it otherwise would receive under the LCFF calculation. The District retains all of the local property tax revenue above the calculated LCFF amount. In addition, as a basic aid District, the District is entitled to receive an additional $9,818,349 in minimum State aid to ensure at least the same level of State aid as received in fiscal year 2012-13 when more categorical programs were funded by the State. In the event that the District's local property tax collections do not exceed the LCFF calculation, the District will receive funding from the State based on the LCFF calculation.

Set forth in the following table is the District's actual revenue limit / LCFF funding resulting from its basic aid status compared to the calculated revenue limit / LCFF funding the District would have received for the past five fiscal years were it not a basic aid district, along with budgeted information for fiscal year 2017-18.

Actual Revenue Limit / LCFF Funding Compared to State Funding Calculations
Santa Clara Unified School District

Fiscal Year	Actual Revenue Limit / LCFF Funding	State Calculated Revenue Limit / LCFF Funding
2012-13	$99,593,353	$76,729,001
2013-14	142,411,148	103,374,267
2014-15	141,836,370	114,370,166
2015-16	157,172,468	127,633,755
2016-17[1]	199,599,331	134,289,044
2017-18[2]	203,386,389	___,___,___

[1]Unaudited.
[2]Budgeted.

Funding of the District's revenue limit and LCFF is accomplished by a mix of a) local taxes (composed predominantly of property taxes, and including miscellaneous taxes and community redevelopment funds, if any) and b) State apportionments of basic and equalization aid. As a basic aid district, the large majority of the District's LCFF funding comes from local property tax revenue. LCFF revenues were 76.0 percent of General Fund revenues in fiscal year 2015-16, were 80.3 percent of revenues in fiscal year 2016-17 (unaudited), and are budgeted to be 88.6 percent of revenues in fiscal year 2017-18.

Federal Revenues. The federal government provides funding for several District programs. These federal revenues, most of which historically have been restricted, were 2.6 percent of General Fund revenues in fiscal year 2015-16, were 2.3 percent of General Fund revenues in fiscal year 2016-17 (unaudited), and are budgeted to be 2.3 percent of General Fund revenues in fiscal year 2017-18.

Other State Revenues. In addition to apportionment revenues, the State provides funding to the District for categorical programs. Many categorical programs previously classified as other State revenues were incorporated under LCFF in fiscal year 2013-14, causing a reduction in other State revenues. These other State revenues were 9.6 percent of General Fund revenues in fiscal year 2015-16, were 6.0 percent of General Fund revenues in fiscal year 2016-17 (unaudited), and are budgeted to be 5.9 percent of General Fund revenues in fiscal year 2017-18. Included in other State revenues are proceeds received from the State lottery.

Other Local Revenues. Revenues from other local sources were 11.8 percent of General Fund revenues in fiscal year 2015-16, were 11.3 percent of General Fund revenues in fiscal year 2016-17 (unaudited), and are budgeted to be 3.1 percent of General Fund revenues in fiscal year 2017-18. Included in other local revenues are the proceeds of a parcel tax approved by District voters as well as lease revenues received from leasing certain District-owned property. The decline in other local revenues in fiscal year 2017-18 is due to a combination of the expiration of the parcel tax in fiscal year 2016-17 along with [description to come concerning reduction in redevelopment revenues].

Expenditures

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

At the time the District prepared its fiscal year 2017-18 budget, the District had not completed negotiations with its certificated bargaining units, classified bargaining unit, nor its management employees to finalize salary and benefit increases for the fiscal year. As a result, the District did not include certificated, classified and management employee salary and benefit increases in its fiscal year 2017-18 budget. Each one percent increase in salary for certificated, classified and management staff would increase fiscal year 2017-18 expenditures by $1,147,620, $389,954, and $134,039 respectively.

Employee salaries and benefits were 84.4 percent of General Fund expenditures in fiscal year 2015-16, were 84.0 percent of General Fund expenditures in fiscal year 2016-17 (unaudited), and are budgeted to be 85.1 percent of General Fund expenditures in fiscal year 2017-18.

Short-Term Borrowings

The District has no short-term debt outstanding.

The District has in the past issued short-term tax and revenue anticipation notes. Proceeds from the issuance of notes by the District have been used to reduce inter-fund dependency and to provide the District with greater overall efficiency in the management of its funds. The District has never defaulted on any of its short-term borrowings.

Capitalized Lease Obligations

The District has made use of various capital lease arrangements in the past under agreements that provide for title of items and equipment being leased to pass to the District upon expiration of the lease period. As of June 30, 2016, the District had no such capital lease arrangements outstanding.

The District's outstanding certificates of participation are set forth in the following table.

Outstanding Certificates of Participation
Santa Clara Unified School District

Issue	Date Issued	Amount Issued	Final Maturity	Outstanding as of September 30, 2017	Debt Service in Fiscal Year 2017-18
2013 Refunding	January 2013	$8,025,000	July 1, 2031	$8,025,000	$321,000
2015 Refunding	November 2015	5,810,000	September 1, 2036	5,715,000	232,438
			Total	$13,740,000	$553,438

Long-Term Borrowings

1997 Election. Between 1997 and 2002, the District issued three series of general obligation bonds pursuant to an election held on June 3, 1997 authorizing the issuance of $145.0 million aggregate principal amount of general obligation bonds (the "1997 Election"). In November 2009 the District issued the 2009 Refunding Bonds to refund a portion of the 1997 Election bonds, and in November 2010 the District issued the Santa Clara Unified School District (Santa Clara County, California) 2010 General Obligation Refunding Bonds (the "2010 Bonds") in the aggregate principal amount of $34,160,000 to refund a portion of the 1997 Election bonds. There is no unused authorization remaining from the 1997 Election.

2004 Election. Between 2005 and 2011, the District issued four series of general obligation bonds authorized by the 2004 Election, including the 2011A Bonds. In August 2012, the District issued the Santa Clara Unified School District (Santa Clara County, California) 2012 General Obligation Refunding Bonds (the "2012 Refunding Bonds") in the aggregate principal amount of $45,520,000 to refund a portion of the 2004 Election bonds. In June 2015, the District issued the Santa Clara Unified School District (Santa Clara County, California) 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds") in the aggregate principal amount of $96,380,000 to refund a portion of the 2004 Election bonds. There is no unused authorization remaining from the 2004 Election.

2010 Election. In July 2011, the District issued the 2011 Bonds in the aggregate principal amount of $81,100,000 authorized by the 2010 Election. There is no unused authorization remaining from the 2010 Election.

2014 Election. In June 2015, the District issued the Series 2015 Bonds in the aggregate principal amount of $140,700,000 authorized by the 2014 Election. See "THE BONDS—Authority for Issuance" herein. The Series 2017 Bonds represent the second series of bonds authorized by the 2014 Election.

The following table summarizes the District's outstanding long-term indebtedness as of August 1, 2017.

Outstanding General Obligation Bonds
Santa Clara Unified School District

Authorization	Issue	Final Maturity	Principal Issued	Principal Outstanding as of September 30, 2017[1]	Debt Service in Fiscal Year 2017-18
1997 Election	2009 Refunding [2]	July 1, 2025	$60,625,000	$32,795,000	$5,830,550
1997 Election	2010 Refunding	July 1, 2027	34,160,000	23,030,000	2,935,350
2004 Election	Series 2011A	July 1, 2036	91,140,000	80,225,000	6,095,300
2004 Election	Series 2011B	July 1, 2027	25,000,000	25,000,000	1,215,300
2004 Election	2012 Refunding [2]	July 1, 2030	45,520,000	36,880,000	3,541,125
2004 Election	2015 Refunding	July 1, 2033	96,380,000	91,995,000	6,183,056
2010 Election	Series 2011 [2]	July 1, 2036	81,100,000	72,095,000	4,940,988
2014 Election	Series 2015	July 1, 2040	140,700,000	109,395,000	20,355,038
			Total	$471,415,000	$51,096,707

[1]Excludes accreted value of capital appreciation bonds.
[2]To be refunded in part by the Refunding Bonds.
[3]Does not include a subsidy to be provided by the U.S. Treasury for a portion of the interest due.

The District has never defaulted on the payment of principal of or interest on any of its long-term indebtedness.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES

Background

From the Separation of Sources Act (1910) until Proposition 13 (1978), local governments had control over property tax rates and revenues within their jurisdiction. Voter approval was not required for most taxes, charges or fees imposed by local governments. Each school district in the State raised revenue by taxing local property owners according to a tax rate established by its governing board, subject to voter approval, and received some supplemental funds from the State. The State's role in providing for public education and education facilities was limited during this time. Local school districts relied largely on general obligation bonds as the primary source of funding for school facilities.

The passage of Proposition 13 brought this local property tax system to an end, fundamentally changing local government finance. Local government entities are no longer authorized to levy a general tax rate. Instead, they share in the revenues generated by Proposition 13's countywide tax rate. In the year following the passage of Proposition 13, local property tax revenue across the State fell approximately 60 percent. In order for school districts to continue operating, the State had to assume primary responsibility for public school funding, replacing the lost property tax revenue with moneys from the State general fund. As a result of Proposition 13, control over revenues shifted away from local school districts to the State government. Proposition 13 also eliminated the ability of school districts to issue bonds; for a decade, the State provided some of the cost of school facilities projects until the passage of Proposition 46 (1986) restored the ability of school districts to issue such bonds.

Article XIIIA of the State Constitution

Article XIIIA, added to the State Constitution by Proposition 13 and amended over time, limits the *ad valorem* tax rate that can be levied on real property to one percent of its "full cash value" except to pay debt service, discussed below. "Full cash value" is defined as the property's assessed value as of the fiscal year 1975-76 tax bill, annually increased by the lesser of either two percent or the rate of inflation. Subsequently, the property is reappraised for tax purposes upon a change in ownership or new construction. Several types of changes in ownership and construction have been exempted from the reassessment requirement by amendment, including improvements for seismic retrofit, solar energy, fire prevention, disability access, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property is destroyed in a declared disaster, and certain transfers of property between family members.

In most years, the market value of a property increases at a rate greater than the maximum two percent increase a county is allowed to calculate. As amended by Proposition 8 (1978), Article XIIIA allows for a county to temporarily reduce the assessed value to current market value when the market value of the property falls below the property's adjusted acquisition value due to an economic recession, natural disaster or other cause of damage. In years in which reduced reassessments are widespread, property tax revenue available to local governments such as school districts is reduced. Pursuant to interpretation of the Revenue and Taxation Code and upheld by State courts, once the market has rebounded or the property has been repaired to substantially its original condition, a county may increase the assessed value of the property at a rate greater than two percent annually until it has reached the property's pre-decline assessed value.

As a result of these laws, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property and of similar properties more recently sold. Likewise, changes in ownership of property and reassessment of such property to market value commonly lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full two percent increase on any property that has not changed ownership. Any increase or decrease in assessed valuation is allocated among the various jurisdictions.

The one percent tax is levied and collected by each county, and the revenue is apportioned by the county to each local government agency in the taxing area roughly in proportion to the relative shares of taxes as levied prior to 1979. Local government agencies, including school districts, may not directly levy any *ad valorem* tax, unless the tax is levied to pay debt service (interest and redemption charges) on a local government's indebtedness approved by voters prior to July 1, 1978 or thereafter, as amended by Proposition 46 (1986), bonded indebtedness for the acquisition or improvement of real property approved by a two-thirds majority. In addition, Proposition 39 (2000) added a provision allowing for a lowered voter approval rate specifically for bonds to fund school facilities projects. A school district or community college district may levy *ad valorem* taxes in excess of one percent with 55 percent voter approval if the bonds will be used for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities. The measure must include the specific list of projects to be funded and certification that the school district's governing board has evaluated safety, class size reduction, and information technology needs in developing the list, and must 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. Pursuant to legislation, the projected tax rate per $100,000 of taxable property value levied as the result of any single election may be no more than $60 in a unified school district, $30 in a high school or elementary school district, or $25 in a community college district. The 2004 Election, 2010 Election and 2014 Election were all conducted pursuant to Proposition 39.

<u>Constitutional Protection For Owners of Municipal Securities</u>

State law imposes a duty on the county tax collector to levy a property tax sufficient to pay debt service on voter-approved indebtedness as discussed above. The initiative power cannot be used to reduce or repeal the authority and obligation of a local government, such as a school district, to levy taxes pledged as security for payment of general obligation bonds or to otherwise interfere with performance of the duty of a local government, such as a school district, and the county with respect to such taxes. Although the initiative power may be used to reduce or repeal other types of charges or taxes imposed by local governments under Article XIIIC, discussed below, the law may not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

<u>Article XIIIB of the State Constitution</u>

Article XIIIB, added to the State Constitution by Proposition 4 (1979) (the "Gann Limit"), amended by Proposition 111 (1990), limits the amount of certain funds, including tax revenues, that may be annually appropriated by the State and local governments, including school districts, to the amount appropriated the prior year, adjusted to reflect the rate of economic growth by measuring the change in *per capita* personal income and population. Certain payments are exempt from the appropriations limit calculation, including debt service payments; certain benefit payments, mandated expenses, State payments to school districts and community college districts, increases in revenues gained from fuel, vehicle and tobacco taxes, emergency appropriations; and qualified capital outlay projects (projects involving fixed assets such as land or construction that have an expected life of more than 10 years and a value greater than $100,000).

Tax revenues in excess of the appropriation limit are shared between increased education funding and taxpayer rebates. Calculated over two years, half of any excess is transferred to K-14 school districts and half is returned to taxpayers through a revision of tax rates within two fiscal years. Any such excess revenues transferred to K-14 school districts are not counted as part of the school districts' base expenditures for calculating their entitlement for State aid in the next year, nor is the State's appropriations limit increased by this amount. If a K-14 school district's revenues exceed its appropriations limit, the school district may increase its appropriations limit to equal its spending by borrowing from the State's appropriations limit.

Articles XIIIC and XIIID of the State Constitution

Articles XIIIC and XIIID, added to the State Constitution by Proposition 218 (1996) and amended over time, limit the ability of local governments, including school districts, to levy and collect non-*ad valorem* taxes, assessments, fees and charges. The law establishes that a tax must be either a "general" tax, requiring the approval of a simple majority of voters, the proceeds of which can only be used for general government purposes, or a "special" tax, requiring the approval of two-thirds of voters, the proceeds of which are used for a specific purpose, or if the tax is levied by a special-purpose government agency, including a school district. Any tax levied on property, other than the *ad valorem* tax governed by Article XIIIA, is a special tax, requiring the approval of two-thirds of voters. Special-purpose government agencies, such as a school district, cannot levy general taxes.

The initiative power can be used to reduce or repeal most local taxes, assessments, fees and charges. Article XIIID deals with assessments and property-related fees and charges and expressly cautions that its provisions shall not be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is available to repeal or reduce developer and mitigation fees imposed by the District. The District has no power to impose taxes except those property taxes associated with a general obligation bond election, following approval by 55 percent or two-thirds of the District's voters, depending upon the legal authority for the issuance of such bonds.

As amended by Proposition 26 (2010), the law defines any levy, charge, or exaction of any kind imposed by a local government as a tax requiring voter approval. The following exceptions do not require voter approval: a reasonable charge for a specific benefit, privilege, product or service that is received only by the payor of the charge; a reasonable charge for regulatory costs of issuing a license or permit, performing an inspection or audit, or enforcing an order; a charge for use, rental, or purchase of government property; a charge, fine or penalty for violation of law; and assessments and property-related fees imposed as a condition of property development. Although such fees and charges levied by one taxing jurisdiction do not directly impact the amount of revenue available to another taxing jurisdiction from *ad valorem* property taxes, if the ability to impose the fee or charge is restricted, it could indirectly impact such revenues.

Minimum Guarantee of State Funding for Education

Proposition 98 (1988), added Article XVI to the State Constitution, requiring that "from all State revenues there shall first be set apart the moneys to be applied by the State for support of the public school system and higher education." Known as the "minimum guarantee," funding for K-14 school districts, made up of a combination of State general fund income tax revenues and local property tax revenues, must be the greater of either the same percentage of State general fund revenues as was appropriated in fiscal year 1986-87, or the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The minimum guarantee allocated each year, determined by a set of tests, is approximately 40 percent or more of State general fund revenues.

"Test 1" (share of the State general fund) allocates approximately 41 percent of the State general fund revenue to K-14 school districts. Test 1 only applies if "Test 2" or "Test 3" (described below) does not result in additional funding for K-14 school districts. Test 1 has been used four times in the last 29 years. Test 2 (personal income) provides that K-14 school districts shall receive at least the same amount of combined State aid and local tax dollars as was received in the prior year, adjusted for the statewide growth in K-12 ADA and an inflation factor equal to the annual percentage change in *per capita* personal income. Test 2 is used if it results in more funding for K-14 school districts than Test 1 (unless Test 3 applies instead). Test 2 has been used in 14 of the past 29 years, including fiscal year 2017-18. Test 3 (available revenues) only applies in years in which the annual percentage change in *per capita* State general fund tax revenues plus one-half percent is lower than the Test 2 inflation factor (*i.e.*, the change in *per capita* personal income), in which case the inflation factor is reduced to the annual percentage change in *per capita* State general fund tax revenues plus one-half percent. Test 3 has been used in 9 of the past 29 years, including fiscal years 2015-16 and 2016-17.

In any year in which Test 3 is used, the difference between the amount appropriated and the amount that would have been appropriated under Test 2 is considered a "maintenance factor" credit to K-14 school districts, to be restored in future years when State revenue growth rebounds to exceed personal income. In years of economic hardship, the State Legislature can suspend the minimum guarantee for a year by a two-thirds vote, which also triggers the maintenance factor obligation, to be restored in later years. Such suspension has only occurred twice, in fiscal years 2004-05 and 2010-11. The State Legislature has the authority to spend more than the minimum guarantee, although any increase creates a higher minimum floor for the following year; this has occurred from time to time. At times, the State also has had outstanding one-time Proposition 98 obligations known as "settle-up" obligations. A settle-up obligation is created when the minimum guarantee increases midyear and the State does not make an additional payment within that fiscal year to meet the higher guarantee. The increased amount is used as the base for the following year's minimum guarantee. Settle-up funds can be used for any educational purpose, including paying off other state one-time obligations, such as deferrals and mandates.

Community Redevelopment and Revitalization

Beginning with the Community Redevelopment Act (1945) under Article XVI of the State Constitution, amended over time, until the termination and dissolution of the program in 2011, a local government could improve an economically depressed area by creating a redevelopment agency (an "RDA") to pay for development projects with the future increase in property tax revenue, or "tax increment," attributable to the growth in assessed value of taxable property within the project area when the project was complete. However, the allocation of the tax increment to the local RDA caused a reduction in the one percent countywide property tax levy for other local taxing agencies, including school districts, although *ad valorem* property taxes in excess of the one percent property tax levy collected for payment of debt service on school district bonds were not affected. Although a school district could negotiate with the RDA for "pass-through" payments of local tax revenues, because the State was replacing the school district's lost tax revenue, there was little incentive for most school districts to negotiate for greater amounts of pass-through from the RDAs. The State's share of reimbursements to such school districts soared into the hundreds of millions of dollars per year.

Facing economic crisis, Assembly Bill, First Extended Session 26 ("AB1X 26") (2011), upheld by the State Supreme Court in *California Redevelopment Association v. Matosantos* (2011), was enacted to dissolve the more than 400 RDAs in the State to preserve funding for core public services at the local level. Successor agencies were established to facilitate the management of projects underway, making payments on enforceable obligations, and disposing of assets and properties. Senate Bill 107 (2015) streamlined the dissolution process and expanded the types of loans for which cities and counties can seek reimbursement. Some school districts receive pass-through payments during the dissolution process. See "DISTRICT FINANCIAL INFORMATION—Revenues" herein.

Assembly Bill 2 ("AB2") (2015), the result of several legislative efforts to replace the redevelopment law in order to provide local government options for sustainable community economic development, is a limited version of the former law, targeting only the State's most impoverished areas. AB2 allows a local government to create a community revitalization investment area ("CRIA") if several conditions are met, including measures of unemployment, crime, and dilapidated infrastructure and residential structures, which are required to insure that the CRIA process is actually used for the intended purpose of alleviating blight. Significantly, school districts are prohibited from participating in the CRIA; because schools may not contribute their share of the tax increment to the project area, the funding impact to schools and the State is avoided. Assembly Bill 2492 (2016) was enacted that clarified implementation issues of AB2.

Limits on State Authority Over Local Tax Revenues

State and local governments' funding and responsibilities are interrelated. Both levels of government share revenues raised by certain taxes such as sales and fuel taxes, and both also share in the costs for some programs such as health and social services. Although the State does not receive local property tax revenue, it has had authority over the distribution of these revenues among local agencies and school districts. Under Article XIIIA, the State had the authority to permanently shift property taxes among local governments. At times, the State fulfilled some portion of the Proposition 98 minimum guarantee by shifting some of the property tax revenues share belonging to cities, counties, other special districts and redevelopment agencies to K-14 school districts through an Educational Revenue Augmentation Fund ("ERAF") established in each county.

Proposition 1A (2004) amended Articles XI and XIII of the State Constitution to require two-thirds approval of the State Legislature to shift property tax revenues allocation between local governments, preventing the State from reducing the property tax share allocated to cities, counties, and special districts. However, the State could still transfer property tax revenues to schools in the case of severe fiscal hardship and two-thirds approval of the State Legislature.

Proposition 22 (2010) amended Articles XIII and XIX of the State Constitution to further restrict the State's control over local property taxes in order to stabilize local government revenue sources. Even during times of severe fiscal hardship, the State could not take revenue derived from locally imposed taxes, such as parcel taxes, hotel taxes, utility taxes, and sales taxes, for State purposes, nor could the State delay distribution of tax revenues to local governments, redirect redevelopment agency property tax revenue to other local governments such as school districts, or shift money to the school districts under an ERAF. As a result, the State would have to take other actions to balance its budget in some years, such as reducing State spending or increasing State taxes. Proposition 22's restriction of the State's ability to shift local funds made K-14 school districts more directly dependent on the State general fund for Proposition 98 funding.

Deferrals of Payments Owed to K-14 School Districts

Beginning fiscal year 2001-02, as a temporary budget solution, the State postponed, or deferred, payments owed to K-14 school districts for a few weeks, allowing the State to save money while school districts continued to operate by borrowing money or dipping into reserves. Because the deferral lasted only a matter of weeks, there was little impact on school district finances or operations. However, especially during the last recession, the State came to rely excessively on deferrals of payments to K-14 school districts to balance the State budget. As both the length and the amount of deferrals increased, the State withheld several billions of dollars from school districts, resulting in a financial crisis for K-14 school districts which could no longer borrow enough or find reserves to cover the funding shortfall, and program reduction and teacher layoffs ensued. State reliance on payment deferrals peaked in fiscal year 2011–12 when the State deferred approximately 20 percent of all K-14 school district funding. Increasing deferrals authorize school districts to spend at a level of programming the State cannot afford, making the State budget less transparent, and create large future obligations of the State to repay the deferrals. However, as the economy has rebounded, the State has made the repayment of deferrals a priority, and repayment of the deferrals was completed in fiscal year 2015-16.

Temporary State Tax Increases

From 2008 to 2012, the State eliminated more than $56 billion from State and local funding for local services including education, police, fire, and health care. Proposition 30 (2012) allows the State to levy a temporary sales tax (lasting four years) and income tax on high-income earners (lasting seven years), the revenues of which are dedicated to increased education funding and to balance the State budget. Existing law requires that in years in which the State's general fund revenues grow by a large amount funding for education must also be increased by a large amount. The tax revenues allocated to education as part of the minimum guarantee are deposited into the Education Protection Account ("EPA"), recalculated and distributed quarterly to K-14 school districts (89 percent to K-12 school districts and 11 percent to community college districts) as a continuing appropriation not subject to budget adoption. The funds are distributed in the same manner as existing unrestricted per-student funding. The Proposition 30 tax revenue is included in the Proposition 98 calculation, raising the guarantee by billions each year. The remaining Proposition 30 tax revenues will be used to balance the budget.

Proposition 55 (2016) extends the income tax increase on high-income taxpayers through the year 2030-31. Approximately half of the revenue raised by this measure is allocated to K-14 school districts. The measure also directs half of any excess revenues, up to a maximum of $2 billion, for additional funding for Medi-Cal, if revenues exceed the constitutionally required education spending and the costs of government programs in place as of January 1, 2016. A portion would also be saved in reserves and spent on debt payments. Any remaining revenues would be available for any State purpose.

Enacted Budget Required for Disbursement of State Funds

In years in which the State Legislature has not been able to enact a budget by the required deadline, the fiscal year begins without an enacted budget, and the State has, in some cases, issued registered warrants, or IOUs, to pay certain State employees' wages and State debts. In 1988, during such a budgetary impasse, a taxpayers' association argued that such warrants were not authorized without an enacted budget. In the case, known as *Jarvis v. Connell*, the State Court of Appeal held that without an enacted budget, State funds may not be disbursed unless the payment is authorized by the State Constitution, as a continuing appropriation, or by federal mandate.

This could affect school district budgets to the extent that, if there is neither an enacted budget nor emergency appropriation, State payments owed to school districts could be delayed unless they are required as a continuing appropriation or federal mandate. As upheld by the State Supreme Court in 2003, the State is not authorized to disburse funds without an enacted budget or other appropriation, but under federal law is required to pay State employees who are protected by federal wage laws under the Fair Labor Standards Act.

State and School District Budgetary Reserves

Proposition 58 (2004) amended Article IV of the State Constitution to require the State to enact a balanced budget, in which estimated revenues would meet or exceed estimated expenditures in each year, and that mid-year adjustments be made if the budget fell out of balance. The law established the Budget Stabilization Account in the State's general fund, which required a deposit of three percent of the State general fund each year.

Proposition 2 (2014) addressed the need for long-term financial stability in the State in the face of economic volatility by dedicating funds to pay down the State's debt, changing the State's reserve policies, and creating a separate budget reserve for K-14 school districts called the Public School System Stabilization Account ("PSSSA"). The law reduced legislative discretion over the timetable for the repayment of State debts and required that 1.5 percent of the State general fund be deposited into the BSA annually, plus an additional amount when the State experiences spikes in capital gains tax revenue in excess of eight percent of State general fund revenues. The PSSSA, also funded with capital gains spikes, is drawn upon when the Proposition 98 minimum guarantee exceeds available State general fund and property tax revenues. Through 2030, half of the funds deposited each year into the BSA must be used to pay fiscal obligations such as budget loans and unfunded State level pension plans. Funds may be withdrawn from BSA only for a disaster or if, over three years, spending does not rise above the highest level of spending. In the case of a recession, only half of the funds can be withdrawn. As a result, a large amount of incremental gains in the State's general fund revenues are allocated to building reserves and repaying debt.

The State has a constitutional obligation to ensure that school districts continue to operate even in times of financial difficulty so that the education of students in the State is not disrupted. The State requires school districts to maintain a minimum reserve in their general fund's reserve for economic uncertainties to help school districts manage cash flow, address unexpected costs, save for large purchases, reduce costs of borrowing money, and mitigate the volatility in funding produced by the reliance on tax revenue funding sources. The minimum reserve amount required depends on the size of the school district's enrollment. Smaller school districts are required to keep a higher percentage of reserves because they are more easily overwhelmed by unexpected costs, such as a single major facility repair, which could deplete most of its reserves in a single year. School districts with enrollment of 300 or fewer students, which represent 25 percent of school districts in the State, must keep a minimum reserve of five percent of expenditures. School districts with enrollment of 301 to 1,000 students, which represent 17 percent of school districts in the State, must keep a minimum reserve of four percent. School districts with enrollment of 1,001 to 30,000 students, which represent 55 percent of school districts in the State, must keep a minimum reserve of three percent. School districts with enrollment of 30,001 to 400,000 students, which represent three percent of school districts in the State, must keep a minimum reserve of two percent. The one school district in the State with an enrollment of 400,001 or more students must keep a minimum reserve of one percent. Many school districts attempt to keep their reserve levels higher than State minimum requirements, from five percent to as much as 25 percent of expenditures. A 17 percent reserve is equal to approximately two months of expenditures and is a standard reserve level for local public agencies.

Senate Bill 858 (2014), enacted as trailing legislation to the State budget, requires school districts, in the event of a deposit by the State to the PSSSA, to reduce total assigned and unassigned reserves to no more than twice its minimum reserve for economic uncertainties, ranging from one to five percent of expenditures depending on the size of the school district. County education officials could exempt a school district from the cap if the school district demonstrates extraordinary fiscal circumstances, including undertaking multi-year infrastructure or technology projects. A smaller reserve could affect the school district's financial condition in the event of an economic downturn. The District cannot predict or when a deposit to the PSSSA might occur or whether future legislation will be enacted that changes this requirement.

School Facilities Funding

The Leroy F. Greene School Facilities Act (1998) established the State Facilities Program ("SFP") to allocate funding grants based on proposals submitted by school districts for the new construction of or the modernization of existing school facilities, although the program has evolved to allow funding for other types of school facility needs including facility hardship, seismic mitigation, charter school facilities, relief of overcrowding, career technical education facilities, incentives for energy efficiency and high-performance architectural attributes, and joint-use programs with other government entities.

Funding for SFP grants comes from statewide general obligation bonds approved by the voters in the State. The State retires these bonds by making annual debt service payments. In fiscal year 2016-17, the State expected to pay $2.4 billion in debt service on previously issued K-12 facilities bonds and $300 million in debt service on community college facilities bonds. Proposition 1A (1998) provided $9.2 billion ($6.7 billion for K-12 facilities), Proposition 47 (2002) provided $13.2 billion ($11.4 billion for K-12 facilities), Proposition 55 (2004) provided $12.3 billion ($10 billion for K-12 facilities), Proposition 1D (2006) provided $10.4 billion ($7.3 billion for K-12 facilities), and Proposition 51 (2016), the first initiative facilities bond measure, provides $9 billion ($6 billion for K-12 facilities). The payment the State must make on Proposition 51 will average approximately $500 million per year.

Proposition 51 amends the Education Code, prescribing the fiscal allocation and purpose of the $9 billion bond and establishing the 2016 State School Facilities Fund and the 2016 California Community College Capital Outlay Bond Fund in the State Treasury. Of the total amount, $6 billion is allocated to K-12 facilities (half for new construction and half for modernization), $500 million for charter schools, $500 million for career technical education programs, and $2 billion to community colleges.

In most cases, K-12 school and community college districts that receive funding for approved projects must match the funding with local funding according to the type of project. Projects for the purchase of land and new construction are matched evenly. Modernization projects require a match of 40 percent local funding to 60 percent State funding. If no local funding is available, the school district can apply for additional grant funding. Community college projects do not have a specified contribution model and are determined individually. K-12 school and community college districts may sell local general obligation bonds to cover the school district's share of the cost of facility projects. K-12 school districts may also raise funds for facilities by charging fees on new development (community college districts may not). Both K-12 school and community college districts may also raise funds by parcel taxes and other methods used less frequently.

Impact of Future Legislation

Laws affecting school district funding and the power of State and local governments to raise and spend revenue have been subject to many changes as voters and lawmakers react to economic and political cycles. The complex patchwork of the many different provisions at times results in uncertainty regarding their operation or interpretation. Many of the laws discussed above were enacted through the State's initiative process. Initiative constitutional amendments may be changed only by another statewide initiative. Legislative constitutional provisions may be changed by a majority vote of both houses of the State Legislature and approval by the Governor of California (the "Governor"), if the change furthers the purposes of the provision. The District cannot predict whether or when the voters in the State or the State Legislature will approve further legislation that could restrict the District's sources of revenue or its ability to spend that revenue, or require the District to appropriate additional revenue.

FUNDING OF PUBLIC EDUCATION IN THE STATE

Sources of Revenue for Public Education

There are four general sources of funding for K-12 public education in the State: the federal government, local property taxes, other local funding sources and State funding, the principal source of funding for most school districts. Proposition 13 eliminated the possibility of raising additional *ad valorem* property taxes above one percent for general-purpose school support, and the courts have declared that school districts may not charge fees for school-related activities, unless the charge is specifically authorized by law for a particular program or activity. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

State Funding. Many school districts in the State receive the majority of their funds from the State. In fiscal year 2016-17, State funds accounted for approximately 60 percent of State K-12 public education funding. There are three sources of State funds for K-12 public education: the Proposition 98 minimum guarantee, comprised of a combination of State general fund revenues and local property tax revenues, representing the majority (85 percent in fiscal year 2016-17) of State funding; additional State funds for targeted programs such as facilities and remaining categorical programs such as special education, nutrition, afterschool programs, and home-to-school transportation; and State lottery funds, a portion of which may only be used for instructional purposes. The Proposition 98 guaranteed minimum amount is set forth each year in the State budget. See "—The 2017-18 State Budget" herein.

More than 60 percent of the State's general fund revenue comes from personal income taxes, with capital gains taxes representing more than 10 percent of the State's general fund revenue, so a downturn in the stock market may significantly impact the State's general fund. Because funding for education in the State depends on the amount of money available in the State general fund, the linkage can result in significant volatility in education funding. For instance, during the recent recession in fiscal year 2011-12, State general fund revenues available for education funding were approximately eight percent less than the amount available four years prior. Provisions added to the State Constitution and statutes in 2013 and 2014 attempt to provide funding stability to public education by capturing spikes in capital gains revenue to use for paying down debts and obligations and to create reserves. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

Revenue Limit Funding. The State Revenue Limit was instituted in fiscal year 1973-74 to provide a mechanism to calculate the total amount of general-purpose revenue a school district, community college district or county office of education is entitled to receive from combined State and local sources per average daily attendance, known as its "revenue limit," and the funding from this calculation formed the bulk of school districts' income, and was annually increased to adjust for changes in the cost of living. The revenue limit for each school district or county office of education was funded first by the property tax revenue available to that entity, with the remaining balance filled by State funds. "Basic aid" districts, whose local property tax revenues exceeded their calculated revenue limit, did not receive State revenue limit funding, although such districts did receive the constitutionally required minimum funding, or "basic aid" per pupil, and categorical State and federal aid that was restricted to specific programs and purposes.

Local Control Funding Formula (LCFF). In landmark legislation, the fiscal year 2013-14 State budget replaced revenue limit funding with the LCFF. The LCFF transfers control over spending decisions to local authorities, requiring community input about those spending decisions along with increased transparency and accountability for the outcomes of those decisions. The general-purpose funds for school districts are now funneled through LCFF, and funds received through categorical programs are greatly reduced. As under the revenue limit system, the amount a school district is entitled to receive for general-purpose LCFF funds is financed through the local property tax revenue available to the school district, with the remaining balance funded by the State.

Most public education funding from the State is provided through the LCFF, including approximately 80 percent of Proposition 98 funding for K-12 public education. As under the revenue limit, school districts continue to receive funds based on the greater of prior year or current year ADA figures. Under LCFF, school districts across the State receive the same base grants for each grade span, based on ADA. In fiscal year 2017-18, the base grants are $7,941 for kindergarten through third grade, $7,301 for fourth through sixth grade, $7,518 for seventh through eighth grade, and $8,937 for ninth through twelfth grade. These figures include increases for class size reduction for kindergarten through third grade and career technical education for ninth through twelfth grade.

School districts receive a supplemental grant of 20 percent of the base grant for each student in the school district who is low-income, English-learner, or foster youth. Enrollment counts are "unduplicated," such that students may not be counted as both English-learner and low-income (foster youth automatically meet the eligibility requirements for free or reduced-price meals, and are therefore not discussed separately). School districts with more than 55 percent enrollment of unduplicated students receive a concentration grant, an additional 50 percent of the base grant for each unduplicated student above the threshold, intended to address the additional academic challenges faced by such students when their peers are similarly disadvantaged. The supplemental and concentration grants are allocated so that as a school district's proportion of unduplicated students increases, so does its total funding allocation. A school district in which 100 percent of enrollment is unduplicated students will receive 42.5 percent more total funding than a school district with no unduplicated students. The supplemental and concentration grant amounts are based on the unduplicated count of pupils divided by the total enrollment in the school district, based on the fall P-1 certified enrollment report. School districts have broad discretion to decide how to spend the base grant. The supplemental and concentration grants must be used to increase or improve services to the population they are intended to serve, although some services may be provided district- or site-wide.

The implementation of LCFF began in fiscal year 2013-14, with full implementation planned by fiscal year 2020-21. Until full implementation has occurred, the difference between the actual amount districts receive in a year and the target amount they will receive as of full implementation is referred to as the "funding gap." The funding gap is determined by the difference between the "funding floor," or amount of funding a school district received the prior year, and the target amount of funding the school district will receive at full implementation. The funding floor consists of fiscal year 2012-13's deficited revenue limit divided by ADA multiplied by current year ADA, plus the sum of any categorical funding. Sufficient funding was available to fund 12 percent of the funding gap in fiscal year 2013-14, 33 percent of the gap in fiscal year 2014-15, 53 percent of the gap in fiscal year 2015-16, 55 percent of the gap in fiscal year 2016-17, and is budgeted to fund 44 percent of the gap in fiscal year 2017-18, the fifth year of implementation of LCFF, bringing LCFF to 97 percent of full implementation.

Under the "hold harmless" provision, no school district will receive less State aid than it received in fiscal year 2012-13. Most districts will receive more funding at full implementation of LCFF than they did previously under the revenue-limit system. For some school districts, their per-pupil undeficited fiscal year 2012-13 funding was higher than their LCFF entitlement at full implementation. Such districts will have their undeficited funding level restored through a supplemental ERT add-on payment. School districts that are eligible for ERT funding will receive the difference between their LCFF target and their LEA's fiscal year 2012-13 undeficited funding, adjusted for cost-of-living increases.

Basic aid districts continue to receive at least the amount of State funding they received in fiscal year 2012-13. Although basic aid districts do not receive LCFF funding grants, they must comply with the regulations and accountability requirements of LCFF. Basic aid districts also continue to receive the constitutionally guaranteed $120 per-pupil minimum from under the revenue limit, as well the $200 per-pupil minimum from the EPA pursuant to Proposition 30 as additional revenue. The District is not a basic aid district.

The State funds school districts in monthly installments based on calculations made in a series of three apportionments throughout the fiscal year. Each apportionment includes funding for the LCFF and for other State programs. The amount of each apportionment is based on calculations made by each school district and reviewed by its county office of education. The Advance Principal Apportionment ("Advance Apportionment"), certified by July 20, sets forth the amount the school district will receive for the year, paid in a series of installments from August through January. The First Principal Apportionment ("P-1 Apportionment"), certified by February 20, set forth a new calculation based on the school district's first period ADA determined as of December, for installments that will be paid to the school district from February through June. The Second Principal Apportionment ("P-2 Apportionment"), certified July 2, based on second period ADA determined as of April, recalculates the amount of the final installment for the fiscal year paid to the school district in July. At the close of the fourth quarter, a final annual recalculation ("Annual Apportionment") provides an updated estimate of the prior year's adjustment. In addition, under the EPA established for the deposit of revenues from the tax increase under Proposition 30 and extended under Proposition 55, school districts receive a quarterly allocation of the tax revenue received from the temporary tax increase under Proposition 30. The funds in the EPA are allocated between K-14 school districts by 89 percent and 11 percent, respectively, in quarterly allocations made in September, December, March and June each year. The amount received by a school district under EPA is a reduction to the aid the school district receives from the State applied at each principal apportionment certification. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

The LCFF requires each school district to demonstrate that its spending decisions are producing the desired results of increased student performance as stated in each school district's own LCAP. Each school district must create its own annually updated LCAP with input from teachers, parents and the community, including the parents or guardians of unduplicated students. School districts must review and share the results to determine whether spending achieved the goals stated in the LCAP, for each school site and for the school district as a whole. All school districts must use the State's LCAP template beginning fiscal year 2014-15. The LCAP must include a description of the annual goals to be achieved for each student group for each State priority, including the content standards adopted by the State Board of Education. The LCAP of each school district is overseen and approved by the county superintendent.

Charter schools must comply with LCFF and receive mostly the same funds as public schools, although calculation of targeted disadvantaged students differs somewhat to prevent abuse of the system. There are also differences in the process of LCAP adoption and assessment. In the case of a charter school that fails to perform according to its LCAP, the State is not required to provide the same support that a public school district or county office of education receives, and its charter can be revoked.

Federal Funding. In fiscal year 2016-17, federal revenues accounted for less than 10 percent of funding for school districts in the State. Most of these funds are designated for particular purposes. There are no unfunded federal education mandates; each is conditioned on a state's voluntary decision to accept federal program funds. The primary source of federal supplemental education funding is the Elementary and Secondary Education Act ("ESEA") (1965), enacted to address inequality in education. The previous authorization of ESEA, the No Child Left Behind Act ("NCLB") (2001), expanded the federal government's role and increased testing requirements to measure improvement. Most recently reauthorized under the Every Student Succeeds Act ("ESSA") (2015), responsibility for school improvement has been shifted to the states. ESSA provides funding through six programs: Title I grants, tied to student assessment, to assist economically disadvantaged children; Title II grants for professional development; Title III grants for ancillary student services; Title IV grants for research and training; Title V grants for state departments; and Title VI grants for special education. Another significant source of federal funding for school districts is the Education for All Handicapped Children Act ("EHA") (1975), enacted to support special education and related services, reauthorized by the Individuals with Disabilities Education Act ("IDEA") (1990). The largest of the law's three sections, Part B, authorizes grants to states and local school districts to offset special education costs. As of fiscal year 2014, IDEA federal funding covered 16 percent of the estimated excess cost of educating students with disabilities; the shortfall is assumed by states and local school districts.

Local Property Tax Revenue. In fiscal year 2016-17, local property taxes were expected to account for approximately 25 percent of K-12 public education funding within the State. Property taxes are constitutionally limited to one percent of the property's value, except to repay voter-approved debt.

Other Local Funds. In fiscal year 2016-17, miscellaneous local sources were expected to account for approximately five percent of K-12 public education funding within the State. There are several types of revenue a school district may receive from other local sources, including developer fees, parcel taxes, property lease revenues, and private donations. A school district may levy developer fees on new residential or commercial development within the school district's boundaries to finance the construction or renovation of school facilities. A school district may, with two-thirds approval from local voters, levy special taxes on parcels to fund specific programs within the school district. A school district may lease or sell its unused sites or facilities as another source of revenue. A school district may also seek contributions, sometimes channeled through private foundations established to solicit donations from local families and businesses.

The State Budget Process

Under the State Constitution, money may be drawn from the California Centralized Treasury System (the "State Treasury") only by an appropriation authorized by law. The primary source of annual appropriations authorizations is the budget act approved by the State Legislature and signed by the Governor (the "Budget Act"), which can provide for projected expenditures only to the amount of projected revenues and balances available from prior fiscal years.

The annual budget cycle begins when the Governor releases a proposed budget in January for the next fiscal year, which starts each July 1 and ends June 30. The Governor releases a revised budget in May based on new projections regarding State revenues and feedback from the State Legislature and other constituents. The State Constitution requires that the State Legislature pass the Budget Act by June 15 by majority approval from both Houses. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature.

Appropriations may also be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the State Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the State Legislature, and be signed by the Governor. The State Constitution or a State statute may also provide for continuing appropriations that are available without regard to fiscal year. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

The 2017-18 State Budget

On June 27, 2017, the Governor signed the 2017 Budget Act and associated trailer bills to enact the fiscal year 2017-18 State budget (the "2017-18 State Budget"), a $180 billion total spending plan representing an increase of seven percent over revised levels for fiscal year 2016-17.

The 2017-18 State Budget estimates that State general fund revenues exceed total general fund expenditures. The 2017-18 State Budget projects State general fund revenues and transfers to total $125.9 billion, an increase of six percent over revised 2016-17 estimates. The State's largest three sources of general fund tax revenue – personal income taxes, sales and use taxes, and corporate taxes – are projected to increase five percent. State general fund expenditures are projected to be $125.1 billion, an increase of $3.7 billion (three percent) over revised 2016-17 levels. The State's general fund balance is budgeted to be $2.4 billion at the end of fiscal year 2017-18. State special fund expenditures are increased by $8.5 billion (18 percent) over revised 2016-17 levels, largely due to increased special fund spending on transportation and Medi-Cal. The 2017-18 State Budget provides for year-end total reserves of $9.9 billion, comprised of $1.4 billion in the discretionary Special Fund for Economic Uncertainties (SFEU) reserve and $8.5 billion in the Proposition 2 mandatory Budget Stabilization Account reserve fund.

The 2017-18 State Budget includes $3.1 billion in additional funding for a total of $74.5 billion in K-14 education funding as required by Proposition 98, including $1.4 billion additional funds for LCFF, bringing its implementation to 97 percent; increased funding for transportation and infrastructure projects from revenues from fuel and vehicle-related taxes and fees; expansion of State earned-income tax credit to approximately one million additional low-wage families; increased funding for Medi-Cal provider rates and growth in Medi-Cal program from Proposition 56 tobacco tax revenues; increased funding to counties for cost sharing agreement for provision of in-home supportive services; increased funding for public universities and student financial aid; and increased funding for child care and preschool. In addition, the 2017-18 State Budget provides for a $6 billion pension loan from the State's cash balances (from the Surplus Money Investment Fund) to PERS, based on estimates that such action will save $11 billion over the next two decades and stabilize the State's contributions to PERS.

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

State General Fund
2017-18 State Budget

	2015-16 Revised (Millions)	2016-17 Revised (Millions)	2017-18 Budget (Millions)
Prior-year Fund Balance	$3,508	$4,504	$1,622
Revenues and Transfers	115,500	118,539	125,880
Expenditures	113,983	121,421	125,096
Ending Fund Balance	$5,024	$1,622	$2,406
Encumbrances	980	980	980
Special Fund for Economic Uncertainties	4,044	642	1,426
Reserves			
Special Fund for Economic Uncertainties	$4,044	$642	$1,426
Budget Stabilization Account	3,529	6,713	8,486
Total Reserves	$7,574	$7,355	$9,912

Source: The State Legislative Analyst's Office.

Education Funding. The Proposition 98 minimum guarantee for K-14 education funding continues to increase after reaching a low of $47.3 billion in fiscal year 2011-12. The 2017-18 State Budget provides for funding at the minimum guarantee level of $74.5 billion for fiscal year 2017-18, an increase of $3.1 billion (4.4 percent) over the three-year fiscal period of 2015-16 through 2017-18, combined with revisions and adjustments of the minimum guarantee for fiscal years 2015-16 and 2016-17, in investment in K-14 education across all segments. The $3.1 billion increase is required due to the spending levels provided in the past two budget years exceeding the minimum guarantee, as spending above the minimum guarantee in one year becomes part of the base calculation of the minimum guarantee for the following year.

The Proposition 98 maintenance factor, created in years in which State general fund revenue growth is slow or decreases compared to growth in *per capita* personal income, is calculated as the difference between the funding level that would have been budgeted had revenue growth been stronger and the lesser amount that is actually budgeted. The maintenance factor is carried over from year to year until the State's economy is strong enough to restore the difference by accelerating Proposition 98 funding. The maintenance factor was approximately $11 billion in fiscal year 2011-12. Fiscal year 2017-18 is a Test 2 year (since the increase in the minimum guarantee is due to a 3.7 percent increase in *per capita* personal income and a 0.05 percent decline in K-12 attendance) which results in funding at the minimum guarantee level with a maintenance factor payment of $536 million. The projected year-end outstanding maintenance factor obligation is $900 million.

Of the total Proposition 98 spending budgeted for fiscal year 2017-18, $52.6 billion is State general fund and $21.9 billion is local property tax revenue. The 2017-18 State Budget includes a $603 million settle-up payment to K-14 educational agencies (allocated to LCFF and Career Technical Education ("CTE") funding), considered as a Proposition 98 debt repayment, reducing the State's outstanding settle-up obligation from over $1 billion to $440 million.

For K-12 education specifically, the 2017-18 State budget provides $64.7 billion in Proposition 98 funds, $2.7 billion (4.3 percent) more than the revised 2016-17 level, and $2.2 billion (3.6 percent) more than the enacted fiscal year 2016-17 level. The 2017-18 State Budget increases per-pupil funding by $450 (4.3 percent) from the enacted fiscal year 2016-17 level, bringing total Proposition 98 per-pupil funding to $10,863. This total funding includes $2.4 billion in adjustments to K-12 education funding, of which $1.5 billion is for on-going increases, $933 million is for one-time initiatives, and $328 million is for one-time initiatives funded from other sources. The 2017-18 State Budget also authorizes $593 million in bond issuance from Proposition 51 general obligation bonds proceeds for school facilities.

The 2017-18 State Budget provides an additional $1.4 billion in funding to school districts and charter schools for LCFF, bringing total LCFF spending to $57.4 billion in fiscal year 2017-18 (a 2.7 percent increase over the revised 2016-17 level), bringing the LCFF target level to approximately 97 percent of full implementation.

The 2017-18 State Budget provides for certain adjustments in education spending, including the following:

Per-Pupil Discretionary Grants: One-time funding of $877 million that local educational agencies may use for any educational purpose, distributed based on average daily attendance; reduces the mandates backlog to $799 million at the end of fiscal year 2017-18.

Cost-of-Living-Adjustment: Additional ongoing funding of $65 million to provide for a 1.56 percent cost-of-living adjustment ("COLA") for mandates block grants to K-14 educational agencies ($3.5 million for K-12 and $500,000 for community colleges) and $61 million to provide for the 1.56 percent COLA for certain categorical programs, including special education, child nutrition, foster youth services, and American Indian education.

After School and Education Safety (ASES) Program: Additional ongoing funding of $50 million, bringing total spending for ASES to $600 million, for increased provider reimbursement rates, implementation of new minimum wage obligations.

Classified Employee Teacher Certification: One-time funding of $25 million in grants to support up to 1,250 classified employees in completing teacher certification education.

CTE Pathways: Additional ongoing funding of $15 million to support efforts linking secondary and postsecondary CTE; $200 million for the third and final year of CTE incentive grant program as required by legislation.

Refugee Student Support: One-time funding of $10 million for supportive services to refugee students transitioning to new learning environments, to be allocated over the next three fiscal years by the California Department of Social Services to school districts impacted by significant numbers of refugee students.

Mandated Reporter Training: Additional ongoing funding of $8.5 million to add mandated reporter training on the detection and reporting of child abuse to the K-12 mandates block grant.

County Offices of Education: Additional ongoing funding of $7 million to increase LCFF funding to county offices of education for school district services.

Bilingual Teacher Training: One-time funding of $5 million in Proposition 98 funds to provide professional development for bilingual teachers.

Online Educational Resources: Additional ongoing funding of $3 million to fund online educational resources.

California-Grown Fresh School Meals Grants: One-time funding of $1.5 million in grants to local educational agencies with high proportions of low-income or English-learner students, for the purchase of food grown in the State and expand the number of freshly prepared meals using State-grown ingredients.

Proposition 56 Tobacco Prevention: Funding of $32 million in new cigarette tax revenue to support the tobacco use prevention education in schools as statutorily required.

Proposition 39 Energy Efficiency: Funding of $423 million for energy efficiency projects at K-14 schools as statutorily required for the fifth and final year of such funding, with trailing legislation extending the grant opportunity for an additional year.

The following table identifies Proposition 98 budgeted funding levels for fiscal year 2017-18, revised levels for fiscal year 2016-17, and final levels for fiscal year 2015-16, both by segment of educational level and by source of funding.

Proposition 98 Funding
2017-18 State Budget

	2015-16 Final (Millions)	2016-17 Revised (Millions)	2017-18 Enacted (Millions)
By Segment			
K-12 Schools			
General Fund	$43,074	$43,955	$45,763
Local Property Tax Revenue	17,047	18,133	18,981
Subtotal	$60,121	$62,089	$64,745
Community Colleges			
General Fund	$5,384	$5,473	$5,654
Local Property Tax Revenue	2,631	2,768	2,911
Subtotal	$8,016	$8,242	$8,565
Preschool	$885	$975	$1,122
Other Agencies	82	85	91
Total	$69,103	$71,390	$74,523
By Fund Source			
General Fund	$49,425	$50,488	$52,631
Local Property Tax Revenue	19,678	20,902	21,892
Total	$69,103	$71,390	$74,523

Source: The State Legislative Analyst's Office.

Future Budgets

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

For more information on the State budget, please refer to the State Department of Finance's website at www.dof.ca.gov and to the State Legislative Analyst's Office's website at www.lao.ca.gov. The District takes no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of the information presented therein, and such information is not incorporated herein by such reference.

LEGAL MATTERS

No Litigation

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

Legal Opinion

The proceedings in connection with the authorization, sale, execution and delivery of the Bonds are subject to the approval as to their legality by Dannis Woliver Kelley, Bond Counsel. A copy of the legal opinion will be attached to each Bond, and the form of the proposed opinions of Bond Counsel relating to each series of Bonds is attached hereto as "APPENDIX C—FORM OF OPINIONS OF BOND COUNSEL."

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

Limitations on Remedies; Amounts Held in the County Pool

The opinion of Bond Counsel with respect to the enforceability of the rights of the Registered Owners is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the Registered Owners 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.

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County Pool, as described under the caption "SANTA CLARA COUNTY TREASURY POOL" herein and in "APPENDIX D—SANTA CLARA COUNTY INVESTMENT POLICY" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Registered Owners are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Debt Service Fund, where such amounts are deposited into the County Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Registered Owners can "trace" those funds. There can be no assurance that the Registered Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Pool. The Resolutions and the Government Code require the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds.

Tax Matters

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

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (i) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Bonds is also subject to the delivery of the opinions of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinions respecting the Bonds is included in APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a regulated investment company, a real estate investment trust or a real estate mortgage investment conduit. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds. The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "LEGAL MATTERS—Tax Matters." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum taxable income imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the "Premium Bonds"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Form of Bond Counsel Opinions. The form of the proposed opinions of Bond Counsel relating to each series of Bonds is attached to this Official Statement as APPENDIX C.

Legality for Investment

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

RATINGS

S&P Global Ratings ("S&P") has assigned a municipal bond rating of "__" to the Bonds and Moody's Investors Service ("Moody's") has assigned a municipal bond rating of "__" to the Bonds. Such ratings reflect only the views of S&P and Moody's respectively, and an explanation of the significance of such ratings may be obtained from S&P and Moody's. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Government Financial Strategies inc. has been employed by the District to perform municipal advisory services in relation to the sale and delivery of the Bonds. Government Financial Strategies inc., in its capacity as Municipal Advisor, has read and participated in drafting this Official Statement. Government Financial Strategies inc. has not, however, independently verified nor confirmed all of the information contained within this Official Statement. Government Financial Strategies inc. will not participate in the underwriting of the Bonds. Fees charged by Government Financial Strategies inc. are not contingent upon the sale of the Bonds.

INDEPENDENT AUDITOR

The financial statements of the District as of and for the year ending June 30, 2016 have been audited by Crowe Horwath, LLP, Sacramento, California. The audited financial statements of the District as of and for the year ended June 30, 2016, are set forth in "APPENDIX A—THE FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDING JUNE 30, 2016" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not been engaged to perform and has not performed, since the date of its report attached hereto, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

UNDERWRITING AND INITIAL OFFERING PRICE

The Series 2017 Bonds were sold to ___ (the Underwriter) pursuant to a bond purchase agreement by and between the District and the Underwriter at a price of $_______, being the principal amount of the Series 2017 Bonds of $_______, plus a net original issue premium of $______, less an underwriting discount of $______, at a true interest cost (TIC) to the District of __ percent.

The Refunding Bonds were sold to ___ (the Underwriter) pursuant to a bond purchase agreement by and between the District and the Underwriter at a price of $_______, being the principal amount of the Refunding Bonds of $_______, plus a net original issue premium of $______, less an underwriting discount of $______, at a true interest cost (TIC) to the District of __ percent.

The Underwriter has certified the initial offering prices or yields stated on the inside cover pages hereof. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices. The reoffering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the holders and Beneficial Owners of the Bonds to annually provide certain financial information and operating data relating to the District (the "Annual Report"), by not later than nine months after the end of the fiscal year, commencing with the report for the 2016-17 fiscal year (which is due no later than March 31, 2018), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the District with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. The specific nature of the information to be contained in the Annual Report or the notices is specified in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATES" attached hereto. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

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

- On August 15, 2012, the Series 2005 Bonds were defeased. Notice of the defeasance was not posted until December 1, 2012.

Procedures have been implemented to prevent such administrative oversight from recurring. As of the date of this Official Statement, the District has made all required filings in the past five years for currently outstanding issues in connection with prior undertakings under the Rule.

ADDITIONAL INFORMATION

Additional information concerning the District, the Bonds or any other matters concerning the sale and delivery of the Bonds may be obtained by contacting Santa Clara Unified School District, 1889 Lawrence Road, Santa Clara, California, 95052, Attention: Chief Business Official, telephone (408) 423-2000, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California, 95814, telephone (916) 444-5100.

All of the preceding summaries of the Bonds, Resolutions, Paying Agent Agreements and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith. Further, this Official Statement does not constitute a contract with the purchasers of the Bonds, and any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

Santa Clara Unified School District

By: ______________________________

Stanley Rose III, Ed.D.
Superintendent

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APPENDIX A

THE FINANCIAL STATEMENTS OF THE DISTRICT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

[TO COME]

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATES

[TO COME]

APPENDIX C

FORM OF OPINIONS OF BOND COUNSEL

[TO COME]

APPENDIX D

SANTA CLARA COUNTY INVESTMENT POLICY

[TO COME]

APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM

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The following information concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry-only system has been provided by DTC for use in securities disclosure documents. The District takes no responsibility for the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial

Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

1228 N Street, Suite 13
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(916) 444-5100

Government Financial Strategies inc.