NEW ISSUE – BOOK ENTRY ONLY **RATING:**
Moody's: "__"
(See "RATING" 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 Resolution authorizing the Bonds and subject to the matters set forth under "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. See "TAX MATTERS" herein.

$43,225,000*
SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
(Marin County, California)
ELECTION OF 2015 GENERAL OBLIGATION BONDS, SERIES C

Dated: Date of Delivery Due: August 1, as shown on inside cover.

The San Rafael City Elementary School District (Marin County, California) Election of 2015 General Obligation Bonds, Series C (the "Bonds") are being issued by the San Rafael City Elementary School District (the "District") to (i) finance the acquisition, construction, furnishing and equipping of District facilities and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS." The Bonds were authorized at an election within the District held on November 3, 2015 (the "Election"), at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of $108,225,000 aggregate principal amount of general obligation bonds of the District (the "2015 Authorization"). The Bonds are the third and final series of general obligation bonds to be issued under the 2015 Authorization and are issued on a parity basis with all other outstanding general obligation bonds of the District.

The Bonds are general obligations of the District only and are not obligations of the County of Marin (the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2019. See ''THE BONDS'' herein.

The Bonds will be issued in book-entry form only, in denominations of $5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System."

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, San Diego, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, San Diego, California, is acting as Disclosure Counsel for the issue. ***.*** *Certain matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about _____, 2019.*

STIFEL LOGO

The Date of this Official Statement is: ______, 2019.

* Preliminary; subject to change.

MATURITY SCHEDULE

$_______
San Rafael City Elementary School District
(Marin County, California)
Election of 2015 General Obligation Bonds, Series C

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] (799306)

$______ ____% Term Bonds due August 1, 20__; Yield _____%, CUSIP[1] 799306

[1] Copyright 2019, 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 Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

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SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Marin County, State of California

Board of Education

Greg Knell, *President*
Maika Llorens Gulati, *Vice President*
Linda M. Jackson, *Member*
Rachel Kertz, *Member*
Natu Tuatagaloa, *Member*

District Administrators

Michael Watenpaugh, Ed.D., *Superintendent of Schools*
Mayra Perez, Ed.D., *Deputy Superintendent, Instruction*
Doug Marquand, *Assistant Superintendent of Business Services*
Amy Baer, *Assistant Superintendent of Human Resources*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
San Diego, California

Financial Advisor

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

Paying Agent, Transfer Agent and Registration Agent

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

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(continued)

No dealer, broker, salesperson or other person has been authorized by the San Rafael City Elementary School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, 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 such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

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. Although certain information set forth in this Official Statement has been provided by the County of Marin, the County of Marin has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE MARIN COUNTY POOLED INVESTMENT FUND."

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

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that 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 securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

$43,225,000*
SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
(Marin County, California)
ELECTION OF 2015 GENERAL OBLIGATION BONDS, SERIES C

INTRODUCTION

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

The San Rafael City Elementary School District (the "District") proposes to issue $43,225,000* aggregate principal amount of its Election of 2015 General Obligation Bonds, Series C (the "Bonds") under and pursuant to a bond authorization (the "2015 Authorization") for the issuance and sale of not more than $108,225,000 of general obligation bonds approved by 55% or more of the qualified voters of the District voting on the proposition at a general election held on November 3, 2015 (the "Election"). On March 10, 2016, the District issued its $25,000,000 Election of 2015 General Obligation Bonds, Series A, and on July 26, 2018 the District issued its $40,000,000 Election of 2015 General Obligation Bonds, Series B. The Bonds are the third and final series of general obligation bonds to be issued under the 2015 Authorization. After the sale of the Bonds there will be no unissued principal amount remaining of the 2015 Authorization.

Proceeds from the sale of the Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. See "THE PROJECTS" herein.

Registration

The Bank of New York Mellon Trust Company, N.A. will act as the initial registrar, transfer agent and paying agent for the Bonds (the "Paying Agent"). As long as The Depository Trust Company, New York, New York ("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. See "THE BONDS – Description of the Bonds" herein.

The District

The District was established in 1861 by the Charter of the City of San Rafael (the "City") and provides kindergarten through eighth grade education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County of Marin (the "County"). The District operates ten schools including eight elementary schools providing kindergarten through fifth grade education services, one middle school providing sixth through eighth grade education services and a combined elementary/middle school providing kindergarten through eighth grade education services. The District's projected average daily attendance ("ADA") for fiscal year 2018-19 is 4,426 students and the District has a 2018-19 total assessed value of $11,990,539,909.

* Preliminary; subject to change.

The District shares a common governing board, the Board of Education (the "Board"), and administration with San Rafael City High School District (the "High School District"), although the District and the High School District are legally separate and independent school districts. Students within the District as well as one other elementary school district feed students into the High School District.

The District's audited financial statements for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B. For further information concerning the District, see the caption "SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and interest on the Bonds when due. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See "THE BONDS – Continuing Disclosure Agreement," "CONTINUING DISCLOSURE" herein and APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT hereto.

Professionals Involved in the Offering

Dannis Woliver Kelley, San Diego, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is acting as registrar, transfer agent and paying agent for the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Financial Advisor to the District in connection with the issuance of the Bonds. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley, Isom Advisors, a Division of Urban Futures, Inc. and The Bank of New York Mellon Trust Company, N.A will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE 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 THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about __________, 2019.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the "Government Code") (commencing with Section 53506) and pursuant to a resolution of the Board adopted on ________, 2019 (the "Resolution").

Purpose of Issue

The net proceeds of the Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes upgrading and repairing, updating, renovating and constructing science, technology, engineering, math/core academic classrooms; replacing aging electrical, plumbing/HVAC systems; making classrooms accessible for students with disabilities; and repairing, constructing and acquiring/equipping classrooms. See "THE PROJECTS" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of $5,000 principal amount or integral multiples thereof.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in denominations of $5,000 Principal Amount or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book entry system, see APPENDIX F hereto.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or by wire transfer of same day funds by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to Cede &

Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX F – BOOK-ENTRY ONLY SYSTEM herein.

Payment of the Bonds

Interest on the Bonds is payable commencing August 1, 2019, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). The Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the "Record Date"). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered prior to the close of business on July 15, 2019, in which event interest shall be payable from its Dated Date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, in whole or in part, from any source of available funds, on any date on or after August 1, 20__ at a redemption price equal to the par amount to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption. The Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof as of the date set for such redemption, without premium. The principal amount to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed

* Preliminary; subject to change.

In the event that a portion of the Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount of such Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of less than all the outstanding Bonds to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select the Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized, the Paying Agent, upon written instruction from the District given at least 30 days prior to the date designated for such redemption, shall give notice of the redemption of the Bonds at least 20 but not more than 45 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such redemption notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Bonds, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Any notice of redemption for an optional redemption of the Bonds delivered in accordance with the Resolution 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 shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall 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 canceled.

Right to Rescind Notice of Redemption

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

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside for payment of the redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

If the Bonds are no longer in book-entry-only form, any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways: (a) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or (c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to the Resolution, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and described under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the District, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; then all obligations of the District and the Paying Agent under the Resolution with respect to such Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the Resolution.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See "CONTINUING DISCLOSURE" herein and APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT hereto.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Costs of Issuance[1]	
Total Uses	

[1] Includes Underwriter's discount, Bond and Disclosure Counsel fees, financial advisory fees, paying agent fees, rating agency fees and other costs of issuance.

Application of Proceeds

The net proceeds from the sale of the Bonds (other than premium) shall be paid to the County to the credit of the San Rafael City Elementary School District Building Fund (the "Building Fund") established pursuant to the Resolution and shall be disbursed for the payment of the costs of acquiring and constructing the Projects (as described below). Any premium or accrued interest received by the District from the sale of the Bonds will be deposited in the Debt Service Fund. Earnings on the investment of moneys in either the Building Fund or the Debt Service Fund will be retained in the respective fund and used only for the purposes to which the respective fund may lawfully be applied. Moneys in the Debt Service Fund may only be applied to make payments of principal of and interest, and premium, if any, on bonds of the District. All funds held in the Building Fund and the Debt Service Fund will be invested by the Marin County Director of Finance in accordance with the investment policy of the County.

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DEBT SERVICE SCHEDULE

The following table summarizes the principal and interest payments on the Bonds, assuming no optional redemption.

DEBT SERVICE ON THE BONDS

Bond Year Ending August 1	Principal	Interest	Total Debt Service
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			
2044			
2045			
2046			
2047			
2048			
Total			

The following table summarizes the annual debt service payments for all of the District's outstanding bonds, comprised of the Election of 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds"), the Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds"), the Election of 2002 General Obligation Bonds, Series C (the "2002 Series C Bonds"), the 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds), the Election of 2015 General Obligation Bonds, Series A (the "2015 Series A Bonds"), the Election of 2015 General Obligation Bonds, Series B (the "2015 Series B Bonds") and the Bonds, assuming no optional redemption.

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending August 1	1999 Series A Bonds	2002 Series B Bonds	2002 Series C Bonds	2011 Refunding Bonds	2015 Series A Bonds	2015 Series B Bonds	The Bonds	Total Debt Service
2019	--	$2,610,000	$610,000	$2,627,800	$772,138	$4,534,972		
2020	--	2,730,000	650,000	2,719,400	772,138	4,497,287		
2021	--	2,885,000	665,000	2,813,300	772,138	1,467,550		
2022	$655,000	3,010,000	715,000	2,337,500	772,138	1,467,550		
2023	675,000	3,145,000	770,000	2,426,250	772,138	1,467,550		
2024	695,000	3,315,000	795,000	2,516,500	847,138	1,467,550		
2025	710,000	3,465,000	850,000	2,602,750	889,138	1,467,550		
2026	--	3,620,000	905,000	2,705,000	929,338	1,467,550		
2027	--	3,780,000	970,000	2,796,750	972,738	1,727,550		
2028	--	3,945,000	1,035,000	1,953,000	1,024,138	1,779,550		
2029	--	5,045,000	1,195,000	--	1,072,950	1,843,300		
2030	--	--	6,350,000	--	1,124,750	1,908,050		
2031	--	--	--	--	1,173,950	1,978,550		
2032	--	--	--	--	1,230,550	2,044,537		
2033	--	--	--	--	1,294,150	2,111,925		
2034	--	--	--	--	1,353,150	2,185,325		
2035	--	--	--	--	1,417,650	2,262,325		
2036	--	--	--	--	1,488,350	2,338,325		
2037	--	--	--	--	1,556,200	2,423,075		
2038	--	--	--	--	1,631,200	2,505,825		
2039	--	--	--	--	1,711,600	2,586,325		
2040	--	--	--	--	1,792,000	2,677,025		
2041	--	--	--	--	1,882,200	2,765,525		
2042	--	--	--	--	1,971,600	2,856,600		
2043	--	--	--	--	2,065,000	2,954,800		
2044	--	--	--	--	2,162,000	3,055,600		
2045	--	--	--	--	2,267,200	3,158,800		
2046	--	--	--	--	--	5,644,000		
2047	--	--	--	--	--	5,865,600		
2048	--	--	--	--	--	--		
Total	$2,735,000	$37,550,000	$15,510,000	$25,498,250	$35,717,675	$74,510,172		

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds.

The District received authorization to issue $108,225,000 principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 3, 2015. The Bonds are the third and final series of bonds issued under the 2015 Authorization. Subsequent to the issuance of the Bonds, no further general obligation bonds will remain for issuance under the 2015 Authorization.*

Property Taxation System

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

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Restrictions on use of *Ad Valorem* Taxes and Statutory Lien on Debt Service – Senate Bill 222

Under State law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to Section 53515 of the State Government Code, effective January 1, 2016, and added by California Senate Bill 222 (2015), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be

* Preliminary, subject to change.

enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Resolution, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* tax which the County levies and receives and all interest earnings thereon (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

THE PROJECTS

The District intends to apply the net proceeds of the Bonds to finance the acquisition, construction, furnishing and equipping of District facilities in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list.

The "Smaller Classes, Safer Schools, and Financial Accountability Act," a Constitutional amendment known as Proposition 39 of November 2000, controls the method by which the District will expend Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds, which was then submitted to the voters at the Election (the "Project List"). The District will prioritize such projects and may not undertake to complete all components of the Project List.

TAX BASE FOR REPAYMENT OF THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.

***Ad Valorem* Property Taxation**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, on August 31 and are subject to a 10% delinquency penalty. Unsecured property taxes remaining unpaid on October 31 are also subject to an additional penalty of one and one half percent per month on the first day of each month thereafter. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the respective County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

The State Constitution currently requires a credit of $7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of $100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to $150,000 if the applicant meets the income limit of $40,000.

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following tables presents the historical assessed valuation in the District since fiscal year 1999-00. The District's total assessed valuation is $11,990,539,909 for fiscal year 2018-19.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 1999-00 Through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
1999-00	$4,467,782,395	$2,106,205	$310,210,958	$4,780,099,558	--
2000-01	4,883,306,664	2,790,368	328,865,439	5,214,962,471	9.1%
2001-02	5,256,089,658	2,778,393	352,215,102	5,611,083,153	7.6
2002-03	5,625,474,094	2,778,393	375,225,242	6,003,477,729	7.0
2003-04	5,968,716,700	3,624,721	362,487,989	6,334,829,410	5.5
2004-05	6,332,683,456	650,445	345,364,061	6,678,697,962	5.4
2005-06	6,928,214,326	650,445	344,899,887	7,273,764,658	8.9
2006-07	7,506,592,462	650,445	321,387,890	7,828,630,797	7.6
2007-08	7,995,342,532	650,445	317,534,822	8,313,527,799	6.2
2008-09	8,527,754,273	1,801,713	329,568,725	8,859,124,711	6.6
2009-10	8,575,979,296	1,801,713	350,703,379	8,928,484,388	0.8
2010-11	8,483,564,232	1,801,713	328,468,554	8,813,834,499	(1.3)
2011-12	8,535,762,907	1,801,713	322,595,680	8,860,160,300	0.5
2012-13	8,492,537,438	5,246,402	320,827,202	8,818,611,042	(0.5)
2013-14	8,810,306,930	5,246,402	337,739,139	9,153,292,471	3.8
2014-15	9,280,277,499	5,246,402	349,658,512	9,635,182,413	5.3
2015-16	9,846,232,391	5,246,402	341,452,387	10,192,931,180	5.8
2016-17	10,471,563,167	26,867,933	356,308,480	10,854,739,580	6.5
2017-18	11,034,360,874	26,867,933	352,471,225	11,413,700,032	5.1
2018-19	11,636,069,208	633,253	353,837,448	11,990,539,909	5.0

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY FOR THE BONDS."

Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 ("Proposition 8"), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution."

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased by more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution" herein.

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District.

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Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation within the District by political jurisdiction.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Larkspur	$523,125,083	4.36%	$4,205,749,915	12.44%
Town of Ross	776,679	0.01	2,048,676,359	0.04
City of San Rafael	10,036,948,083	83.71	13,549,803,750	74.07
Unincorporated Marin County	1,429,690,064	11.92	21,625,982,715	6.61
Total District	$11,990,539,909	100.00%		
Marin County	$11,990,539,909	100.00%	$78,554,486,922	15.26%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
2018-19 Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
Commercial	$2,307,018,547	19.83%	959	6.24%	959	6.60%
Vacant Commercial	30,233,468	0.26	118	0.77	113	0.78
Industrial	215,211,390	1.85	168	1.09	168	1.16
Vacant Industrial	6,727,670	0.06	22	0.14	19	0.13
Miscellaneous/ Tax-exempt	47,204,908	0.41	785	5.11	48	0.33
Subtotal Non-Residential	$2,606,395,983	22.40%	2,052	13.35%	1,307	8.99%
Residential:						
Single Family Residence	$6,672,573,667	57.34%	9,053	58.90%	9,050	62.26%
Vacant Single Family Residential	57,375,738	0.49	556	3.62	475	3.27
Condominium/Townhome	1,013,261,565	8.71	2,525	16.43	2,525	17.37
Mobile Home	16,233	0.00	2	0.01	2	0.01
Multiple Residential	1,279,380,715	10.99	1,158	7.53	1,156	7.95
Vacant Multiple Family Residential	7,065,307	0.06	23	0.15	20	0.14
Subtotal Residential	$9,029,673,225	77.60%	13,317	86.65%	13,228	91.01%
Total	$11,636,069,208	100.00%	15,369	100.00%	14,535	100.00%

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

Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2018-19, including the median and average assessed value per single family parcel.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	2018-19 Parcels	Average Assessed Valuation	Median Assessed Valuation	Assessed Valuation
Single Family Residential	9,050	$6,672,573,667	$737,301	$648,218

2018-18 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	472	5.215%	5.215%	$ 37,252,631	0.558%	0.558%
$100,000 - $199,999	1,045	11.547	16.762	151,534,291	2.271	2.829
$200,000 - $299,999	631	6.972	23.735	155,423,206	2.329	5.159
$300,000 - $399,999	636	7.028	30.762	223,438,266	3.349	8.507
$400,000 - $499,999	662	7.315	38.077	298,860,108	4.479	12.986
$500,000 - $599,999	728	8.044	46.122	400,892,371	6.008	18.994
$600,000 - $699,999	750	8.287	54.409	487,943,384	7.313	26.307
$700,000 - $799,999	769	8.497	62.906	575,808,277	8.629	34.936
$800,000 - $899,999	679	7.503	70.409	577,060,172	8.648	43.585
$900,000 - $999,999	599	6.619	77.028	567,805,619	8.510	52.094
$1,000,000 - $1,099,999	444	4.906	81.934	464,978,669	6.969	59.063
$1,100,000 - $1,199,999	290	3.204	85.138	331,801,501	4.973	64.035
$1,200,000 - $1,299,999	231	2.552	87.691	289,611,847	4.340	68.376
$1,300,000 - $1,399,999	215	2.376	90.066	290,154,670	4.348	72.724
$1,400,000 - $1,499,999	168	1.856	91.923	243,156,396	3.644	76.368
$1,500,000 - $1,599,999	125	1.381	93.304	193,528,073	2.900	79.269
$1,600,000 - $1,699,999	102	1.127	94.431	168,355,490	2.523	81.792
$1,700,000 - $1,799,999	91	1.006	95.436	158,597,381	2.377	84.168
$1,800,000 - $1,899,999	46	0.508	95.945	85,365,116	1.279	85.448
$1,900,000 - $1,999,999	45	0.497	96.442	87,721,554	1.315	86.762
$2,000,000 and greater	322	3.558	100.000	883,284,645	13.238	100.000
Total	9,050	100.000%		$6,672,573,667	100.000%	

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

Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2018-19.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
2018-19 Largest Total Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total [1]
1.	California Corporate Center Acquisition	Commercial	$273,522,259	2.35%
2.	RPR Larkspur Owner LLC	Apartments	113,812,011	0.98
3.	JPPF Larkspur Landing Office Park	Commercial	85,312,800	0.73
4.	Teachers Insurance & Annuity Association	Residential Properties	76,593,035	0.66
5.	Marin Country Mar LLC	Commercial	73,841,533	0.63
6.	South Valley Apartments LLC	Commercial	54,071,293	0.46
7.	Frasken Barbara 1995 Trust	Commercial	44,190,490	0.38
8.	Coastal City Partners LLC	Single Family Residential	42,567,200	0.37
9.	Marin Sanitary Service	Commercial	42,456,693	0.36
10.	1700 California Street Owners LLC	Commercial	42,042,176	0.36
11.	Target Corporation L&L	Commercial	38,135,971	0.33
12.	Hotel Mcinnis Marin LLC	Commercial	34,328,450	0.30
13.	Chelsea Pacific Investments LP	Commercial	34,200,000	0.29
14.	SFF Mec LLC	Commercial	33,398,051	0.29
15.	Civic Center Marin LLC	Commercial	29,145,546	0.25
16.	Bel Albert Holdings LLC	Multi-Family Residential	29,037,747	0.25
17.	Francisco Boulevard Investors LLC	Commercial	28,223,967	0.24
18.	Gabarino Investments II LP	Commercial	26,484,917	0.23
19.	Home Depot USA Inc.	Commercial	26,382,742	0.23
20.	Montecito Mkt Place Association	Commercial	26,246,074	0.23
			$1,153,992,995	9.92%

[1] 2018-19 local secured assessed valuation: $11,636,069,208.
Source: California Municipal Statistics, Inc.

The top 20 taxpayers on the secured roll for 2018-19 account for 9.92% of the secured assessed value in the District which is $11,636,069,208. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2018-19 was California Corporate Center Acquisition, accounting for 2.35% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 0.98% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

Tax Rates

The following table sets forth tax rates levied in Tax Rate Area 8-0008, a typical tax rate area in the City of San Rafael portion of the District for fiscal years 2014-15 through 2018-19:

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Typical Tax Rate as a percent of Assessed Valuation
(TRA 8-0008[1])

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
San Rafael City High School District	.0273	.0266	.0502	.0365	.0617
San Rafael City Elementary School District	.0474	.0462	.0743	.0706	.0729
Marin Community College District	.0180	.0165	.0142	.0338	.0617
Marin Healthcare District	--	.0235	.0093	.0201	.0190
Total	$1.0927	$1.1128	$1.1480	$1.1610	$1.1875

(1) The 2018-19 assessed valuation of TRA 8-0008 is $6,018,227,484.
Source: California Municipal Statistics, Inc.

The Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied on the secured roll with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Secured Tax Charges and Delinquencies

The following table sets forth secured tax charges and delinquency information for the general obligation bond debt service levies of the District for fiscal years 2013-14 through 2017-18. Because the County has implemented the Teeter Plan, the District receives 100% of its secured tax charges.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2017-18

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2013-14	$4,828,674.81	$42,737.78	0.89%
2014-15	4,374,750.55	33,312.10	0.76
2015-16	4,527,608.38	28,944.02	0.64
2016-17	7,754,829.25	53,336.90	0.69
2017-18	7,772,436.76	35,358.38	0.45

(1) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of May 1, 2019:

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2018-19 Assessed Valuation: $11,990,539,909

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19	
Marin Community College District	15.286%	$ 70,636,606	
San Rafael City High School District	69.572	81,308,058	
San Rafael City Elementary School District	**100.000**	**95,185,126**	(1)
Marin Healthcare District	18.387	68,526,510	
Twin Cities Police Authority Community Facilities District No. 2008-1	9.042	1,468,421	
Marin Emergency Radio Authority Measure A	15.264	5,037,120	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$322,161,841	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County General Fund Obligations	15.264%	$13,010,119	
Marin County Pension Obligation Bonds	15.264	12,939,293	
Marin County Transit District General Fund Obligations	15.264	10,609	
Marin Municipal Water District General Fund Obligations	19.468	11,008	
Marin Community College District General Fund Obligations	15.286	2,089,724	
San Rafael City Elementary School District Certificates of Participation	**100.000**	**3,140,000**	
City of Larkspur General Fund Obligations	12.438	3,398,738	
City of San Rafael General Fund and Pension Obligation Bonds	74.074	40,848,847	
Twin Cities Police Authority General Fund Obligations	6.811	15,164	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$75,463,502	
Less: City of San Rafael General Fund Obligations supported by enterprise revenues		3,629,626	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$71,833,876	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$9,099,465	
GROSS COMBINED TOTAL DEBT		$406,724,808	(2)
NET COMBINED TOTAL DEBT		$403,095,182	

(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($95,185,126) 0.79%
Total Direct and Overlapping Tax and Assessment Debt.................. 2.69%
Combined Direct Debt ($98,325,126)... 0.82%
Gross Combined Total Debt.. 3.39%
Net Combined Total Debt 3.36%

Ratio to Redevelopment Incremental Valuation ($2,964,827,159):

Total Overlapping Tax Increment Debt.. 0.31%

Source: California Municipal Statistics, Inc.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's 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 and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") is being implemented in stages, beginning in fiscal year 2013-14 and will be fully implemented in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system described below.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State Budget (defined below) enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. See "-Revenue Limit Funding System" below. The LCFF distributes resources to schools through a guaranteed base revenue limit funding grant (the "Base Grant") per unit of ADA. The average Base Grant is $7,643 per unit of ADA, which is $2,375 more than the average revenue limit. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

Under the LCFF, State allocations will be are provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Full implementation of the LCFF occurred over a period of several fiscal years and was complete in fiscal year 2018-19. Beginning in fiscal year 2013-14, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

For fiscal year 2018-19, the base rates per unit of ADA for each grade span are as follows: (i) $8,235 for grades K-3; (ii) $7,571 for grades 4-6; (iii) $7,796 for grades 7-8; and (iv) $9,269 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of cost-of-living-adjustments will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals and are not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table sets forth the historical ADA and enrollment for fiscal years 2014-15 through 2018-19.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2011-12 through 2018-19

Fiscal Year	ADA	Enrollment
2014-15	4,484	4,635
2015-16	4,619	4,749
2016-17	4,625	4,758
2017-18	4,602	4,730
2018-19(1)	4,496	4,614

(1)Budgeted.
Source: The District.

The following table sets forth the ADA by grade span, enrollment and the percentage of EL/LI enrollment for fiscal years 2017-18 through 2020-21.

ADA, ENROLLMENT AND ENGLISH LANGUAGE/LOW INCOME ENROLLMENT
Fiscal Years 2017-18 through 2020-21
San Rafael City Elementary School District

	ADA			Enrollment	
Fiscal Year	K-3	4-6	7-8	Total Enrollment	% of EL/LI Enrollment
2017-18	2,167.82	1,491.50	919.53	4,730	68.10%
2018-19[1]	2,168.93	1,490.93	926.59	4,586	68.36
2019-20[2]	2,079.84	1,452.99	919.34	4,452	68.19
2020-21[2]	2,047.20	1,457.79	903.02	4,408	67.56

[1] Based on fiscal year 2018-19 Second Interim Report.
[2] Projected.
Source: San Rafael City Elementary School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid, and does not expect to in future fiscal years.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school district can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Revenue Sources

The District categorizes its general fund revenues into four sources. Each of these revenue sources is briefly described below.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. See "- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Every Child Succeeds.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, School Improvement Program, instructional materials, and various block grants.

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

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

Parcel Tax. A parcel tax was initially approved by the voters of the District in 1989, and was renewed on May 7, 2013 for eight additional years. Pursuant to the May 7, 2013 ballot measure, the parcel tax was set at $203.70 per parcel per year. The parcel tax took effect in fiscal year 2013-14, expires in fiscal year 2021-22, and is subject to a five percent annual cost of living increase. The parcel tax amount in 2018-19 is $260.00 per parcel per year. Property owners who are 65 years and older are eligible, upon application, for an exemption from the parcel tax. In fiscal year 2018-19, the parcel tax is projected to generate approximately $3,218,230.

The following table presents the District's percentage of general fund revenue by source.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Percentage of Revenue by Source
Fiscal Years 2014-15 through 2018-19

	Percentage of Total District General Fund Revenues				
Revenue Source	2014-15	2015-16	2016-17	2017-18	2018-19[1]
LCFF sources	72.4%	74.5%	73.0%	72.3%	74.8%
Federal revenues	4.9	4.6	5.0	4.0	4.7
Other State revenues	6.3	6.0	8.8	10.6	8.3
Other local revenues	16.4	14.9	13.1	13.1	12.3

(1) Based on fiscal year 2018-19 Second interim report.
Source: San Rafael City Elementary School District.

Developer Fees

The District currently collects impact fees ("Developer Fees") pursuant to Education Code Section 17620 on residential housing in the amount of $2.62 per square foot and on commercial and industrial development in the amount of $2.62 per square foot. For fiscal years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 the District received $238,328, $107,971, $107,007, $84,954 and $86,550 in developer fees, respectively.

Budget Procedures

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. 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 the 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 current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has filed positive certifications for each reporting period in the last five years.

General Fund Budget. The District's general fund adopted budgets for fiscal years 2014-15 through 2018-19, audited actuals for the fiscal years 2014-15 through 2017-18 and projected financial results for fiscal year 2018-19 based upon the second interim report are set forth on the following page.

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GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2018-19
San Rafael City Elementary School District

	Adopted Budget 2014-15[1]	Audited Actuals 2014-15[1,2]	Adopted Budget 2015-16[1]	Audited Actuals 2015-16[1,2]	Adopted Budget 2016-17[1]	Audited Actuals 2016-17[1,2]	Adopted Budget 2017-18[3]	Audited Actuals 2017-18[1,2]	Adopted Budget 2018-19[4]	2018-19 2nd Interim Report
REVENUES										
LCFF	$31,653,666	$32,304,523	$37,828,916	$27,752,709	$40,390,108	$40,356,337	$41,812,831	$41,570,625	$44,064,902	$44,346,427
Federal Sources	2,473,672	2,182,844	2,540,773	1,731,269	3,042,647	2,792,119	1,999,013	2,294,538	2,406,064	2,766,088
Other State Sources	2,197,963	2,796,252	4,801,416	2,208,794	3,170,694	4,882,250	3,819,937	6,126,767	4,731,552	4,944,234
Other Local Sources	6,586,660	7,313,861	6,430,708	5,578,147	7,106,310	7,267,534	6,971,632	7,508,541	6,523,043	7,231,013
Total Revenues	42,911,961	44,597,480	51,601,813	37,270,919	53,709,759	55,298,240	54,603,413	57,500,471	57,725,561	59,287,761
EXPENDITURES										
Certificated Salaries	19,631,715	20,134,841	21,409,708	17,740,405	22,931,621	23,567,217	23,410,367	24,870,962	24,976,890	26,188,092
Classified Salaries	4,989,920	4,837,041	5,370,314	4,053,441	6,257,847	5,789,247	6,370,573	6,189,646	6,404,234	6,435,391
Employee Benefits	7,658,920	6,977,820	8,340,920	6,551,295	9,582,261	10,386,797	11,553,469	11,552,890	12,655,568	12,560,596
Books & Supplies	1,963,532	1,969,808	3,267,773	1,438,810	4,504,114	2,725,397	2,140,639	2,219,673	2,304,400	2,864,931
Services & Other Operating Expenses	8,572,898	8,359,742	9,378,405	6,488,314	10,178,160	9,118,022	8,609,447	8,208,334	8,681,195	9,439,838
Capital Outlay	60,000	273,470	65,000	46,521	407,975	294,665	1,134,850	105,128	55,000	1,270,945
Other Outgo[5]	485,486	326,585	497,544	623,166	951,887	677,598	1,062,444	872,985	1,071,873	1,156,499
Total Expenditures	43,362,471	42,879,307	48,329,664	36,941,952	54,813,865	52,558,943	53,317,490	54,019,618	56,149,160	59,916,292
Excess (Deficiency) of Revenues Over Expenditures	(450,510)	1,718,173	3,272,149	328,967	(1,104,106)	2,739,297	1,285,923	3,480,853	1,576,402	(628,531)
Other Financing Sources (Uses)										
Interfund Transfers In	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interfund Transfers Out	(460,082)	(1,040,082)	(910,082)	(300,082)	(1,070,377)	(1,070,445)	(1,042,185)	(1,076,539)	(1,149,485)	(1,312,332)
Proceeds from Capital Leases	--	73,663	--	--	--	--	--	--	--	--
Net Financing Sources (Uses)	(440,082)	(946,419)	(890,082)	(280,082)	(1,050,377)	(1,050,445)	(1,022,185)	(1,056,539)	(1,129,485)	1,112,332
NET CHANGE IN FUND BALANCES	(890,592)	771,754	2,382,067	48,885	(2,154,483)	1,688,852	263,738	15,998,393	446,917	(1,920,863)
Fund Balances, July 1	9,449,047	9,449,047	10,220,801	9,243,202	14,309,541	14,309,541	10,984,655	15,998,393	14,655,698	18,422,708
Fund Balances, June 30	$8,558,455	$10,220,801	$12,602,868	$9,292,087	$12,155,058	$15,998,393	$11,248,393	$18,422,707	$15,102,615	$16,501,845

(1) From the District's comprehensive audited financial statements for fiscal years 2014-15 through 2017-18, respectively.
(2) Only includes the general fund and does not tie to the amounts shown in the Audited Statement of Revenues, Expenditures and Fund Balances under Audited Financial Statements of the District as that table also includes the Deferred Maintenance Fund and the Special Reserve for Postemployment Benefits.
(3) From the District's Adopted Budget for fiscal year 2017-18, approved by the Board on June 28, 2017.
(4) From the District's Adopted Budget for fiscal year 2018-19 approved by the Board on June 27, 2018.
(5) Combines Other Outgo categories, including Debt Service and Intergovernmental Transfers, for presentation purposes.
Source: San Rafael City Elementary School District.

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection by contacting the District at 310 Nova Albion Way, San Rafael, California 94903. See APPENDIX B hereto for the 2017-18 Audited Financial Statements of the District.

The following table reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2014-15 to fiscal year 2017-18:

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AUDITED STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES[(1)]
Fiscal Years 2014-15 through 2017-18
San Rafael City Elementary School District

	2014-15	2015-16	2016-17	2017-18
REVENUES				
LCFF	$32,304,522	$38,220,901	$40,621,337	$41,693,632
Federal sources	2,182,844	2,578,714	2,792,119	2,294,538
Other state sources	3,831,620	6,313,567	4,882,250	6,126,767
Other local sources	7,315,421	6,845,140	7,278,408	7,538,537
Total Revenues	45,634,407	53,958,322	55,574,114	57,653,474
EXPENDITURES				
Current:				
Instruction	27,356,994	29,807,052	32,633,550	33,886,127
Instruction-related services:				
Supervision of instruction	3,314,552	4,115,670	4,409,607	3,347,791
Instructional library, media and technology	522,477	523,621	578,855	695,311
School site administration	2,795,815	3,047,285	3,248,684	3,547,649
Pupil support services:				
Home-to-school transportation	1,217,806	1,788,301	1,926,537	1,978,801
Food services	--	--	896	--
All other pupil services	2,035,464	1,985,857	2,226,587	2,628,863
Community services	53,297	75,000	72,843	72,872
General administration services:				
Data processing services	435,584	366,690	430,436	670,452
Other general administration	2,083,101	2,344,729	2,221,328	2,245,289
Plant services	3,722,839	3,845,975	4,046,130	4,025,897
Transfers of indirect costs	(86,838)	(111,708)	(104,567)	(61,244)
Facility acquisition and construction	--	--	--	--
Ancillary services	--	--	--	--
Capital Outlay	111,129	84,274	369,679	118,985
Intergovernmental transfers	405,902	547,055	652,315	915,267
Debt service – principal	7,021	144,221	24,663	18,792
Debt service – interest	500	162,295	620	171
Total Expenditures	43,975,643	48,726,317	52,738,163	54,091,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,658,764	5,232,005	2,835,951	3,562,451
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	20,000	20,000	20,000	20,000
Interfund transfers out	(305,082)	(310,082)	(310,150)	(316,244)
Proceeds from capital leases	73,663	--	--	--
Total Other Financing Sources and Uses	(211,419)	(290,082)	(290,150)	(296,244)
Net Change in Fund Balance	1,447,345	4,941,923	2,545,801	3,266,207
Fund Balance , July 1, as originally stated	10,387,668	11,835,013	16,776,936	19,322,737
Fund Balance , June 30	$11,835,013	$16,776,936	$19,322,737	$22,588,944

(1) From the District's comprehensive audited financial statements for fiscal years 2013-14 through 2017-18, respectively.
Source: San Rafael City Elementary School District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

2018-19 State Budget. Governor Edmund G. Brown signed the fiscal year 2018-19 budget for the State (the "2018-19 State Budget") on June 27, 2018, forecasting revenues and transfers for 2018-19 of $141.8 billion and expenditures of $138 billion. For 2017-18, the 2018-19 State Budget included revenues and transfers of $135.5 billion, an increase of almost $10 billion over the 2017-18 State Budget, and expenditures of $127 billion. The 2018-19 State Budget reflected continued economic expansion and increasing revenues, including record all-time capital gains tax revenues. The Rainy Day Fund was fully funded to $13.9 billion and an additional $200 million was deposited to the newly created Safety Net Reserve Fund. In recognition that the then-current economic prosperity couldn't continue indefinitely, the 2018-19 State Budget made one-time spending commitments rather than on-going programmatic expenditures; primarily for infrastructure, homelessness and mental health. A new funding formula for higher education was adopted that provided increased funding for community college districts that serve low-income students and where students demonstrate certain success. Additionally, the California Online College was created in order to facilitate access to higher education for working adults.

With respect to K-12 education, the 2018-19 State Budget included total funding of $97.2 billion ($56.1 billion State general fund and $41.1 billion from other funds) with per pupil funding from all sources of $16,352. LCFF funding was increased by $3.7 billion to reach full funding. Additionally, the 2018-19 State Budget provided $1.1 billion in one-time discretionary funds to school districts, charter schools and county offices of education. The 2018-19 State Budget also enacted a new Proposition 98 certification process to ensure annual Proposition 98 certifications.

Significant provisions of the 2018-19 State Budget relating to K-12 education were as follows:

- Career Technical Education—$164 million ongoing Proposition 98 funds to establish a K-12 specific program within the Strong Workforce Program and $150 million ongoing Proposition 98 funds to make permanent the Career Technical Education Inventive Grant Program.

- Low-Performing Student Block Grant—$300 million Proposition 98 funds for local education agencies with students performing at the lowest levels on academic assessments and that do not generate supplemental LCFF funds or special education resources.

- Early Education Expansion Program—$167.2 million Proposition 98 funds for inclusive early education and care for children up to the age of five in low-income and low access to care areas.

- Teacher Residency Grant Program—$75 million Proposition 98 funds to support one-year intensive, mentored, clinical teacher preparation programs with $50 million for preparing and retaining special education teachers and $25 million for bilingual and STEM teachers.

- Local Solutions Grant Program—$50 million Proposition 98 funds to provide one-time grants to local educational agencies for locally identified solutions for special education teachers.

- Classified School Employee Summer Assistance Program—$50 million Proposition 98 funds to provide state matching funds to classified school employees who defer paychecks to the summer recess period.

- Classified School Employee Professional Development Block Grant Program—$50 million Proposition 98 funds for professional development for classified staff with a priority on the implementation of school safety plans.

- English Language Proficiency Assessment for California—$27.1 million Proposition 98 funds to convert the paper-based ELPAC to a computer-based assessment and to develop an ELPAC assessment specific to students with exceptional needs.

- Charter School Facility Grant Program—$21.1 million one-time and $24.8 million ongoing Proposition 98 funds to reflect increases in programmatic costs.

- Kids Code After-School Program—$15 million Proposition 98 funds to increase opportunities for students in after-school programs to access computer coding education.

- Fire-Related Support—$4.4 million Proposition 98 funds in property tax relief to school districts impacted by the fires in Northern and Southern California in 2017, $25 million Proposition 98 funds through the LCFF and a hold-harmless provision for ADA for three years.

- California-Grown Fresh School Meals Grants—$1 million one-time Proposition 98 funds to encourage the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.

- Fiscal Crisis and Management Assistance Team—$972,000 Proposition 98 funds to allow FCMAT to coordinate with county offices of education to offer more proactive and preventive services to fiscally distressed school districts, specifically those with a qualified interim budget status.

Proposed 2019-20 State Budget. On January 10, 2019, Governor Gavin Newsom announced his proposed 2019-20 budget for the State (the "2019-20 Proposed State Budget") with increased revenues and expenditures for 2018-19 over the 2018-19 State Budget. Under the 2019-20 Proposed State Budget, the State will receive revenues and transfers totaling $149.3 billion with expenditures reaching $144 billion in 2018-19. 2019-20 revenues and transfers are predicted to decrease to $147.8 billion with expenses remaining steady at $144 billion. The 2019-20 Proposed State Budget continues prior years' efforts to pay down debts and increase savings. $1.8 billion would be transferred to the Rainy Day Fund in 2019-20 with an additional $4.1 billion transferred in future years to bring the Rainy Day Fund balance to $19.4 billion by 2022-23. The 2019-20 Proposed State Budget commits $4 billion to pay off loans from special funds and transportation accounts, eliminate the deferrals of the June payroll and the fourth quarter PERS payment. A $3 billion supplemental contribution to pay down the State's share of unfunded PERS liabilities and $1.1 billion towards its share of STRS liabilities are also included in the 2019-20 Proposed State Budget.

The 2019-20 Proposed State Budget allocates $80.7 billion in Proposition 98 funds for K-12 schools and community colleges as well as $686 million in settle-up payments from prior years. Total per-pupil funding would reach $16,857 in 2018-19 and $17,160 in 2019-20. LCFF funding reaches $63 billion under the 2019-20 Proposed Budget.

In addition, the 2019-20 Proposed State Budget makes a $3 billion one-time general fund payment to STRS to reduce school districts' pension liabilities and decrease required future contributions. Current assumptions provide that the school district contribution rate to STRS would decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.1% in 2020-21 as a result of such one-time payment.

Significant provisions of the 2019-20 Proposed State Budget pertaining to K-12 education are as follows:

- Full Day Kindergarten— $750 million one-time general funds to improve access to full-day kindergarten.

- Full-day Preschool— $125 million to increase access to subsidized full-day, full-year State preschool for low income four-year olds.

- ADA—A decrease of $388 million Proposition 98 funds in 2018-19 for school districts resulting from a decrease in projected ADA from the 2018-19 State Budget, and a decrease of $187 million Proposition 98 general fund in 2019-20 for school districts resulting from a further projected decline in ADA for 2019-20.

- Local Property Tax Adjustments—A decrease of $283 million Proposition 98 funds for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion Prop 98 funds for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes.

- COLA—$187 million Proposition 98 funds to support a 3.46% COLA for categorical programs, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care—A net increase of $119.4 million non-Proposition 98 general fund in 2019-20 to reflect increases in the number of CalWORKs child care cases.

- Full-Year Implementation of Prior Year State Preschool Slots—$26.8 million Proposition 98 funds to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through the 2018-19 fiscal year.

- County Offices of Education—$9 million Proposition 98 funds to reflect a 3.46-percent COLA adjustment and average daily attendance changes applicable to the LCFF.

- Instructional Quality Commission—$279,000 General Fund on a one-time basis for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control. The Bonds are secured by *ad valorem* taxes levied upon real property within the District.

Recent California Drought Conditions and Wildfires. Water shortfalls resulting from the driest conditions in recorded State history caused Governor Brown, on January 17, 2014, to declare a State-wide Drought State of Emergency for California and directed State officials to take all necessary actions to prepare for water shortages. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. Subsequent executive orders and Water Board regulations imposed reductions on water usage in response to the drought conditions. On April 7, 2017, the Governor announced the end of the State-wide drought in all but Fresno, Kings, Tulare and Tuolumne Counties in California but extended conservation measures indefinitely in order to prepare California for fluctuations in water conditions and potential future drought conditions. According to the U.S. Drought Monitor, as of March, 2019, California is not currently experiencing any drought conditions.

Additionally, in 2017 and 2018, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District was not impacted by the wildfires.

The District cannot make any representation regarding the effects that the drought or fire conditions has had, or may have on the value of taxable property within the District, or to what extent drought or fire could cause disruptions to agricultural production, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on outstanding general obligation bonds of the District, including the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the County by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for certain debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, if a school district's revenues exceed its spending limit, such school district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "–Proposition 98" and "–Proposition 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity

Proposition 98

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

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

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

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under

Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendment may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the "Controller")). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its property tax apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the temporary tax increases were included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98" and "—Proposition 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases were deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA were and will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative ("Proposition 55") which extends the increase in personal income tax on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales tax increases imposed under Proposition 30 which expired in 2016.

Proposition 51

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) was a voter initiative that was approved by voters in the State on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation that it will either pursue or qualify for Proposition 51 State facilities funding.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 ("Proposition 2"), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of general fund revenues into the Budget Stabilization Account ("BSA"). From fiscal year 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of general fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of general fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or general fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of general fund revenues, a portion of such excess is required to be deposited into the newly established under Proposition 2 Public School System Stabilization Account (the "PSSSA") which serves as a reserve account for school funding in years when the State budget is smaller.

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district's ending fund balances if a certain amount of funds is available in the State's Public School System Stabilization Account ("PSSSA"). In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts for that fiscal year, (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES—Proposition 98"), a school district's adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and basic aid school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn.

The District is required to maintain a reserve for economic uncertainties at least equal to 3% of general fund expenditures and other financing uses. On June 30, 2018, the District had unassigned available reserves of $14,869,923. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting

District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

Introduction

The District was established in 1861 by the City Charter and provides kindergarten through eighth grade education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County. The District operates ten schools including eight elementary schools providing kindergarten through fifth grade education services, one middle school providing sixth through eighth grade education services and a combined elementary/middle school providing kindergarten through eighth grade education services. The District's projected ADA for fiscal year 2018-19 is 4,426 students and the District had a 2018-19 total assessed valuation of $11,990,539,909. The audited financial statements for the District for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B.

The District shares a common governing board and administration with the High School District, although the District and the High School District are legally separate and independent school districts. Students within the District as well as one other elementary school district feed students into the High School District. The Board consists of five members who were elected at-large to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table:

BOARD OF EDUCATION

Name	Office	Term Expires December
Greg Knell	President	2020
Maika Llorens Gulati	Vice President	2020
Linda M. Jackson	Member	2020
Rachel Kertz	Member	2022
Natu Tuatagaloa	Member	2022

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: San Rafael City Elementary School District, 310 Nova Albion Way, San Rafael, California 94903, Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District and brief biographies of certain District administrators follow.

The following is a listing of the key administrative personnel of the District.

Name	Title
Dr. Michael Watenpaugh	Superintendent of Schools
Dr. Mayra Perez	Deputy Superintendent, Instruction
Doug Marquand	Assistant Superintendent of Business Services
Amy Baer	Assistant Superintendent of Human Resources

Michael Watenpaugh, Ed.D., Superintendent of Schools. Dr. Watenpaugh has served as the Superintendent of the District since 2007. Prior to the District, Dr. Watenpaugh served as Superintendent of Cotati-Rohnert Park Unified School District and as Assistant Superintendent and Director of Personnel at Novato Unified School District. He has also served as a teacher, assistant principal and principal. Dr. Watenpaugh earned a Bachelor of Arts in Social Ecology from University of California at Irvine, a Master's Degree in School Management from the University of La Verne and a Doctorate in Organizational Leadership from the University of La Verne.

Dr. Watenpaugh's employment agreement expires on June 30, 2019. On February 11, 2019, the Board voted to not grant a one-year extension of the employment agreement. The Board is in the process of conducting a search to hire the District's next Superintendent.

Employees and Labor Relations

The District employs approximately 259 full-time equivalent certificated academic professionals, approximately 110 full-time equivalent classified employees and approximately 31 management and confidential positions.

The certificated employees of the District have assigned the San Rafael Teachers Association ("SRTA") as their exclusive bargaining agent and the contract between the District and the SRTA expires on June 30, 2020.

The certificated employees of the District have assigned the San Rafael Federation of Teachers ("SRFT") as their exclusive bargaining agent and the contract between the District and the SFRT expires on June 30, 2019.

The classified employees of the District have assigned the California School Employees Association ("CSEA") as their exclusive bargaining agent. The contract between the District and CSEA expired on June 30, 2018. The parties are operating under the terms of the expired contract while negotiations are underway for a new contract.

Insurance

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters.

The District participates in a joint venture under a joint powers agreement with the Marin Schools Insurance Authority ("MSIA"). MSIA arranges for and provides workers' compensation, property and liability, vision and dental insurance for its member district, including the District. MSIA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. The relationships between the District and MSIA is such that MSIA is not a component unit of the District for financial reporting purposes. See also APPENDIX B –SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018 – Note 8 hereto.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 16.28% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 9.828% of teacher payroll. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions will also increase from 8.00% to a total of 10.25% of pay, phased in over the three year period from 2014-15 through 2017-18. The State's total contribution will also increase from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to A.B. 1469, school district's contribution rates will increase over a seven-year phase-in period in accordance with the following schedule:

SCHOOL DISTRICT CONTRIBUTION RATES
State Teachers' Retirement Fund

Effective Date (July 1)	School District Contribution Rate to STRS
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

The District contributed $1,737,101 to STRS for fiscal year 2014-15, $2,232,314 for fiscal year 2015-16, $2,875,872 for fiscal year 2016-17 and $3,539,841 for fiscal year 2017-18 Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of $4,028,940 for fiscal year 2018-19. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, while participants enrolled in PERS (whether enrolled prior to or subsequent to January 1, 2013) contribute 7% of their respective salaries.

On April 19, 2017, the Board of Administration of PERS adopted new contribution rates for school districts. The revised contribution rates are, as were the previous contribution rates, based on certain demographic assumptions adopted by the Board of Administration in February 2014 which took into account longer life spans of public employees from previous assumptions. Such demographic assumptions generally increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and were phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimated that the new demographic assumptions would cost public agency employers up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that current and future experiences differ from PERS' assumptions, the required employer contributions may vary. The 2017-18 contribution rate also took into account increased payroll over 2016-17, a lowered discount rate (which was approved in December 2016) as well as lower than predicted investment returns in prior years.

The District contributed $593,985 to PERS for fiscal year 2014-15, $655,710 for fiscal year 2015-16, $850,652 for fiscal year 2016-17, and $1,010,146 for fiscal year 2017-18 which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of $1,290,232 for fiscal year 2018-19.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of July 1, 2017.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation as of July 1, 2017
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$84,416	$60,865	($23,551)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	286,950	197,718	(107,261)

[(1)] Amounts may not add due to rounding.
Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date will vary from year-to-year based on actuarial valuations. See "—California Public Employees' Pension Reform Act of 2013" below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

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

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2018, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$39,072,730
PERS	8,174,729
Total	$48,197,721

Source: The District.

For further information about the District's contributions to PERS and STRS, see Note 11 in the District's audited financial statements for fiscal year ended June 30, 2018 attached hereto as APPENDIX B.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The pronouncement required 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 June 2015, GASB replaced Statement

No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

Classified and certificated employees are eligible to receive retiree employment benefits other than pensions ("Health and Welfare Benefits") while in retirement under plans provided by PERS. Retired employees or their spouse will receive monthly benefits for life. For certificated employees who retire after at least age 55 with at least ten years of District service, the District pays an additional amounts toward medical and dental benefits for five years after retirement or until age 65, whichever occurs first. As of July 1, 2018, 49 retirees and their beneficiaries were receiving Health and Welfare Benefits and 304 employees were active plan members.

Expenditures for post-employment healthcare benefits are recognized on a pay-as-you-go basis. During the fiscal years ended June 30, 2016, June 30, 2017 and June 30, 2018, the District recognized $97,185, $157,702 and $335,471 in expenditures for post-employment healthcare benefits, respectively. The District has budgeted expenditures of $305,218 in Health & Welfare Benefits for fiscal year 2018-19.

The following table shows the changes in the District's net Health and Welfare Benefits as of June 30, 2018.

San Rafael City Elementary School District
Changes in Total OPEB Liability

Balance at July 1, 2017	$6,839,062
Changes for the year:	
Service cost	565,105
Interest	182,497
Changes in assumptions or other inputs	(555,872)
Benefit payments	(209,675)
Net changes	(17,945)
Balance at June 30, 2018	$6,821,117

Source: The District.

District Debt Structure

[Short Term Debt. The District plans to issue a Tax Revenue Anticipation Note for fiscal year 2019-20 in the amount of $_____________.]

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2017, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Balance Due In One Year
General Obligation Bonds					
Principal payments	$69,670,286	--	$5,946,131	$63,724,155	$5,674,032
Accreted interest	19,707,560	$2,135,212	1,328,869	20,513,903	1,490,968
Unamortized premium	3,218,233	--	190,821	3,027,412	190,821
Total - Bonds	92,596,079	2,135,212	7,465,821	87,265,470	7,355,821
Certificates of Participation	3,405,000	--	130,000	3,275,000	135,000
Capitalized lease obligations	18,792	--	18,792	--	--
OPEB	7,153,781	775,862	825,623	7,104,020	--
Compensated absences	291,396	64,779	--	356,175	--
Total Long-Term liabilities	$103,465,048	$2,975,853	$8,440,236	$98,000,665	$7,490,821

Source: San Rafael City Elementary School District.

General Obligation Bonds. On December 7, 1999, there was submitted to and approved by the requisite two-thirds or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $26,000,000 (the "1999 Authorization"). Pursuant to the 1999 Authorization, on July 18, 2000, the County issued on behalf of the District $6,496,509.95 of the District's 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds"); on August 15, 2002, the County issued on behalf of the District $9,500,000 of the District's Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds"); and on August 6, 2003, the County issued on behalf of the District $10,000,000 of the District's Election of 1999 General Obligation Bonds, Series C (the "1999 Series C Bonds").

On November 5, 2002 there was submitted to and approved by the requisite 55% or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $49,300,000 (the "2002 Authorization"). Pursuant to the 2002 Authorization, on August 6, 2003, the County issued on behalf of the District $10,000,000 of the District's Election of 2002 General Obligation Bonds, Series A (the "2002 Series A Bonds"); on August 4, 2004, the County issued on behalf of the District $29,996,224.90 of the District's Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds"); and on August 11, 2005, the County issued on behalf of the District $9,300,566.35 of the District's Election of 2002 General Obligation Bonds, Series C (the "2002 Series C Bonds").

On July 21, 2011, the District issued its $27,710,000 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), the proceeds of which were used to refund portions of the then-outstanding 1999 Series A Bonds, 1999 Series B Bonds, 1999 Series C Bonds, and 2002 Series A Bonds.

Pursuant to the 2015 Authorization, on November 3, 2015, voters of the District approved the issuance of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $108,225,000. On March 10, 2016, the District issued its $25,000,000 Election of 2015 General Obligation Bonds, Series A pursuant to the 2015 Authorization. On July 26, 2018, the District issued its $40,000,000 Election of 2015 General Obligation Bonds, Series B pursuant to the 2015 Authorization. The Bonds are the third series of bonds issued pursuant to the 2015

Authorization. Subsequent to the issuance of the Bonds, no general obligation bonds will remain for issuance pursuant to the 2015 Authorization.*

Certificates of Participation On September 29, 2005, the District executed and delivered $4,500,000 principal amount of its Certificates of Participation (the "Certificates") for providing additional funds for school modernization. As of June 30, 2018, the principal outstanding on the Certificates was $3,275,000, and the debt service due on the Certificates was as follows:

ANNUAL DEBT SERVICE - CERTIFICATES OF PARTICIPATION
As of June 30, 2018
San Rafael City Elementary School District

Fiscal Year	Principal	Interest	Total
2018-2019	$5,674,032	$3,262,706	$8,936,738
2019-2020	3,274,341	3,311,397	6,585,738
2020-2021	3,414,332	3,429,155	6,843,487
2021-2022	3,543,598	3,551,439	7,095,037
2022-2023	3,301,173	4,147,839	7,449,012
2023-2028	19,059,589	21,812,523	40,872,112
2028-2033	8,507,090	16,558,254	25,065,344
2033-2038	4,045,000	2,985,525	7,030,525
2038-2043	6,905,000	1,945,500	8,850,500
2043-2046	6,000,000	374,200	6,374,200
	$63,724,155	$61,378,538	$125,102,693

Source: San Rafael City Elementary School District.

Capital Leases

The District leases equipment under leases that provide for title to pass upon expiration of the lease period. The District's minimum lease payments under its capital leases are as follows:

Year ended June 30	Lease Payment
2017-18	$18,962
Total payments	18,962
Less amount representing interest	(170)
Net future minimum payments	$18,792

Source: San Rafael City Elementary School District.

* Preliminary, subject to change.

THE MARIN COUNTY POOLED INVESTMENT FUND

The following information concerning the Marin County Pooled Investment Fund has been provided by the County Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

Under California law, the District is required to pay all monies received from any source into the Marin County Treasury to be held on behalf of the District. The County Treasurer has authority to implement and oversee the investment of funds on deposit in commingled funds of the Treasury.

Decisions on the investment of funds in the Pooled Investment Fund are made by the County Treasurer and her deputies in accordance with established policy guidelines. In the County, investment decisions are governed by California Government Code Sections 53601 and 53635, *et seq*., which govern legal investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the County Treasurer and adopted by the County Board of Supervisors on an annual basis. The Investment Policy is reviewed and approved annually by the County Board of Supervisors. The County Treasurer's compliance with the Investment Policy is also audited annually by an independent certified public accountant.

MARIN COUNTY
POOLED INVESTMENT FUND
MONTHLY REPORT AS OF APRIL 30, 2019

Description:	Ending Balance	Average Balance	Weighted Average Days to Maturity	Annualized Yield	Yield
Local Agency Investment Funds [(1)]					
Money Market Funds					
Federal Agency Issues- Coupon					
Federal Agency Issues- Discount					
Treasury Securities- Coupon					
Treasury Securities- Discount					
Miscellaneous Securities					
Amortized Note					
Totals and Averages					

(1) The Local Agency Investment Funds is an open ended account and is not included in the weighted average days to maturity.

Source: Marin County Treasury

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pooled Investment Fund and has made no assessment of the current County Investment Policy. The value of the various investments in the Pooled Investment Fund 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 Treasurer, after a review by the Committee and approval by the 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 Pooled Investment Fund will not vary significantly from the values described therein.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 8 months following the end of the District's fiscal year (currently ending June 30), which date would be March 1, commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the past five years, the District failed to file in a timely manner the annual report for fiscal year 2013-14 with respect to the Certificates. Such annual report was filed over 11 months late. Within such period, the District also failed to file in a timely manner certain notices of listed events. In connection with the annual reports described above, within the past five years, the District never filed a notice of a failure to provide annual financial information.

The District has engaged Isom Advisors, a division of Urban Futures, Inc. to serve as Dissemination Agent in connection with the Bonds and with its outstanding continuing disclosure obligations.

LEGAL MATTERS

The legal opinion of Dannis Woliver Kelley, San Diego, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as Exhibit A. Dannis Woliver Kelley is also acting as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter. Bond Counsel and Disclosure Counsel and Underwriter's Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the Act require the County to annually 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), for the payment of the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in APPENDIX E – MARIN COUNTY INVESTMENT POLICY STATEMENT attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the District's Debt Service Fund where such amounts are invested in the County Investment Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

California Senate Bill 222

Government Code Section 53515, added by SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

TAX MATTERS

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 (1) 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 (2) 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 opinion 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 opinion respecting the Bonds is included in APPENDIX A. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

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 represents 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 "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 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 Opinion. The form of the proposed opinion of Bond Counsel relating to the Bonds is attached to this Official Statement as APPENDIX A.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California 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 California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATING

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "___" to the Bonds. Such rating reflects only the views of Moody's and an explanation of the significance of such rating may be obtained as follows: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

UNDERWRITING

Stifel, Nicolaus & Company, Inc. (the "Underwriter"), has agreed to purchase the Bonds at the purchase price of $______ (reflecting the principal amount of the Bonds plus a net original issue premium in the amount of $______ less an Underwriter's discount of $_______), at the rates and yields shown on the inside cover hereof.

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

NO LITIGATION

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

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the San Rafael City Elementary School District, 310 Nova Albion Way, San Rafael, California 94903.

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

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

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

By: ____
Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

[Closing date]

Board of Education
San Rafael City Elementary School District
310 Nova Albion Way
San Rafael, California 94903

Re: $______ San Rafael City Elementary School District (Marin County, California) Election of 2015 General Obligation Bonds, Series C

Ladies and Gentlemen:

We have acted as bond counsel for the San Rafael City Elementary School District (Marin County, California) (the "District"), in connection with the issuance by the District of $_____ aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series C (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended and that certain resolution adopted by the Board of Education of the District on __________, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Marin we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on the Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount except for certain personal property that is taxable at limited rates.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. 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, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, 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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. The foregoing opinions are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SAN RAFAEL AND COUNTY OF MARIN

The following information concerning the County of Marin (the "County") and the City of San Rafael (the "City") is presented for information purposes only. The information has been obtained from the sources referenced as of the dates indicated. These sources are believed to be reliable but the information is not guaranteed as to accuracy or completeness, and is not, and should not be construed as, a representation by the District or the Underwriter. The District comprises only a portion of the County and the Bonds are only payable from *ad valorem* property taxes levied on property in the District. The Bonds are not a debt or obligation of the County or the City.

General

The City of San Rafael. The City, which is located 17 miles north of San Francisco, was incorporated in 1874 and became a charter city in 1913. The City has a total area of 22.4 square miles of which 16.6 square miles is land and 5.8 square miles is water. The City has a council/city manager form of government composed of an elected mayor and four elected city council members. The City Manager serves as the Chief Executive Officer of the City under the policy direction of the City Council and is responsible for the day-to-day operations of the City.

Marin County. The County is located in the northern portion of the San Francisco Bay Area, north of San Francisco across the Golden Gate Bridge. The County is one of the nine counties of the greater San Francisco Bay Area. The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The County is bordered by Sonoma County to the north and the Pacific Ocean on the west and by the San Francisco Bay on the south and east. The County has a total area of 828 square miles, 308 of which is water. The County was created on February 18, 1850. The County seat is San Rafael.

Population

The following table shows historical population statistics from 2014 through 2018 for the City as well as the other cities in the County and the County.

POPULATION OF THE CITIES OF THE COUNTY
AND THE COUNTY OF MARIN
Calendar Years 2014 through 2018

	2014	2015	2016	2017	2018
Belvedere	2,112	2,117	2,129	2,131	2,135
Corte Madera	9,537	9,583	9,631	9,625	10,039
Fairfax	7,512	7,549	7,528	7,533	7,534
Larkspur	12,134	12,226	12,312	12,325	12,351
Mill Valley	14,745	14,936	15,024	14,956	14,963
Novato	54,068	54,429	54,593	54,516	54,551
Ross	2,506	2,522	2,538	2,536	2,533
San Anselmo	12,818	12,928	13,017	12,982	13,000
San Rafael	59,885	60,318	60,551	60,661	60,651
Sausalito	7,188	7,189	7,227	7,234	7,226
Tiburon	9,462	9,602	9,644	9,647	9,648
Balance of County	68,655	69,010	69,016	69,116	69,255
County Total	260,622	262,409	263,210	263,262	263,886

Based on 2010 Census benchmark and Population Estimates for Cities, Counties, and State.
Source: California State Department of Finance.

Income

The following table summarizes personal income for the County from 2008 through 2017, the most recent data available.

PERSONAL INCOME
2008 through 2017
(Dollars in thousands)

Year	Marin County	Annual % Change
2008	$22,651,030	--
2009	20,810,155	(8.13)%
2010	21,049,598	1.15
2011	23,009,440	9.31
2012	24,619,594	7.00
2013	25,420,409	3.15
2014	27,809,674	8.59
2015	29,954,834	7.16
2016	30,743,568	2.57
2017	32,502,500	5.41

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

The following table summarize the per capita personal income for the County, the State of California and the United States from 2008 through 2017, the most recent data available.

PER CAPITA PERSONAL INCOME[(1)]
2008 through 2017

Year	Marin County	State of California	United States
2008	$87,333	$43,786	$41,082
2009	78,414	41,588	39,376
2010	79,454	42,411	40,277
2011	86,768	44,852	42,453
2012	93,349	47,614	44,266
2013	94,310	48,125	44,438
2014	104,319	51,344	46,449
2015	111,959	54,718	48,451
2016	115,952	56,374	49,246
2017	124,552	59,796	51,722

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The City, County and State civilian labor force figures are shown in the following table for the years 2014 through 2018. The County figures are County-wide and may not necessarily reflect employment trends in the District.

MARIN COUNTY, CALIFORNIA, AND UNITED STATES
Labor Force, Employment, and Unemployment [1]

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[2]
2014				
City of San Rafael	32,400	31,000	1,400	4.4%
Marin County	139,100	133,100	5,900	4.3%
California	18,758,400	17,351,300	1,407,100	7.5%
2015				
City of San Rafael	32,500	31,300	1,200	3.7%
Marin County	139,500	134,600	4,900	3.5%
California	18,896,500	17,724,800	1,171,700	6.2%
2016				
City of San Rafael	32,900	31,800	1,100	3.4%
Marin County	140,300	135,700	4,600	3.3%
California	19,093,700	18,048,800	1,044,800	5.5%
2017				
City of San Rafael	32,000	30,900	1,100	3.3%
Marin County	141,400	137,300	4,100	2.9%
California	19,311,700	18,387,800	923,900	4.8%
2018				
City of San Rafael [3]	--	--	--	--
Marin County	141,100	137,700	3,400	2.4%
California	19,398,200	18,582,800	815,400	4.2%

(1) Data reflects employment status of individuals by place of residence.
(2) Unemployment rate is based on unrounded data.
(3) Data unavailable for 2018.
Source: March, 2018 Benchmark. California State Employment Development Department.

[Remainder of page intentionally left blank]

Industry

Educational and health services are the largest employers in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2014 through 2018.

MARIN COUNTY
EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGES
2014 through 2018 by Industry

	2014	2015	2016	2017	2018
Agriculture total	400	300	300	300	300
Mining and logging	0	0	0	0	0
Construction	6,100	6,500	6,800	7,200	7,700
Manufacturing	3,500	4,000	4,500	4,900	5,200
Wholesale trade	2,800	2,600	2,500	2,500	2,500
Retail trade	14,300	14,200	14,400	14,600	15,100
Transportation, warehouse & utilities	1,200	1,300	1,300	1,300	1,300
Information	2,900	2,900	2,900	2,600	2,700
Finance	6,800	6,400	6,200	5,800	5,600
Professional and business services	18,000	18,000	18,000	17,500	17,500
Educational and health services	19,700	20,100	20,600	21,100	21,100
Leisure and hospitality	15,100	15,400	16,000	16,700	16,300
Other Services	5,200	5,200	5,500	5,800	5,700
Government	15,400	15,500	15,500	15,700	16,000
Non Agriculture Total	110,600	112,000	114,200	115,700	116,500

Source: California State Employment Development Department.

[Remainder of page intentionally left blank]

Major Employers Within the City and the County

The City and County are hosts to a diverse mix of major employers representing industries ranging from health services to technology. The following tables list the City and County's major employers.

CITY OF SAN RAFAEL
2018 MAJOR EMPLOYERS

Employer	Employees
Kaiser Permanente	2,092
San Rafael Elementary/High School Dist.	700
City of San Rafael	410
Dominican University of California	319
Community Action Marin	300
Bradley Real Estate	256
Guide Dogs for the Blind	200
Ghilotti Bros.	175
United Markets	150
Buckelew Programs	106

Source: City of San Rafael Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018.

MARIN COUNTY
2017 MAJOR EMPLOYERS

Employer	Employees
County of Marin	2,305
Kaiser Permanente Medical Center	2,092
BioMarin	1,700
Marin General Hospital	1,602
San Quentin State Prison	1,600
Novato Unified School District	850
Glassdoor	750
San Rafael City Schools	700
Marin County Office Of Education	600
Dominican University	319

Source: County of Marin Comprehensive Annual Financial Report Year Ended June 30, 2018.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the City and the County are shown in the following tables.

CITY OF SAN RAFAEL
BUILDING PERMITS AND VALUATIONS
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000's)					
Residential	$38,596	$51,781	$38,897	$35,388	$34,702
Non-Residential	93,285	52,556	35,707	39,133	33,626
Total	$131,881	$104,336	$74,603	$74,521	$68,328
Units					
Single Family	1	38	9	12	17
Multiple Family	45	0	15	0	0
Total	46	38	24	12	17

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

MARIN COUNTY
BUILDING PERMITS AND VALUATIONS
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000's)					
Residential	$288,905	$282,016	$265,417	$281,520	$292,751
Non-Residential	186,282	550,397	125,041	126,066	149,367
Total	$475,187	$832,413	$390,458	$407,587	$442,118
Units					
Single Family	112	121	89	104	130
Multiple Family	76	20	17	0	102
Total	188	141	106	104	232

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

Commercial Activity

The tables below show the number of permits and taxable transactions in the City and the County between 2012 and 2016, the most recent data available.

CITY OF SAN RAFAEL
Valuation of Taxable Transactions
Fiscal Years 2012 through 2016

Year	Retail Transactions*	Total Transactions*
2012	$1,234,514	$1,532,832
2013	1,336,922	1,660,492
2014	1,407,601	1,751,753
2015	1,426,578	1,777,942
2016	1,425,281	1,767,374

* In thousands.
Source: California Board of Equalization Taxable Sales in California.

COUNTY OF MARIN
Valuation of Taxable Transactions
Fiscal Years 2012 through 2016

Year	Retail Permits	Retail Transactions*	Total Permits	Total Transactions*
2012	6,207	$3,357,884	10,057	$4,333,600
2013	6,550	3,605,108	10,414	4,664,920
2014	6,457	3,745,315	10,272	4,861,801
2015	6,122	3,836,153	10,958	5,046,316
2016	6,059	3,855,662	10,941	5,045,785

* In thousands.
Source: California Board of Equalization Taxable Sales in California.

Transportation

The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located 40 miles from the District, provides air passenger service to destinations worldwide.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the San Rafael City Elementary School District (the "District") in connection with the execution and delivery of $________ aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series C (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on ________, 2019 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stifel, Nicolaus & Company, Inc. (the "Underwriter"), in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Dissemination Agent" shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. Initially, and in the absence of the specific designation of a successor or alternate Dissemination Agent, the Dissemination Agent shall be Isom Advisors.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Agreement.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 6.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at http://emma.msrb.org/, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated ____, 2019 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 8 months after the end of the District's fiscal year (currently ending June 30), which date would be March 1, commencing with the report for the fiscal year ending June 30, 2019, which would be due on March 1, 2020, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) state funding received by the District for the last completed fiscal year;

(ii) average daily attendance of the District for the last completed fiscal year;

(iii) outstanding District indebtedness;

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

(v) assessed valuation of taxable property within the District as shown on the recent equalized assessment role;

(vi) if the County of Marin no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and

(vii) top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material.

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

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.

(iv) Substitution of or failure to perform by any credit provider.

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the security or other material events affecting the tax status of the security;

(ii) Modifications of rights to security holders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the securities;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and

(viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders;

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _________, 2019

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

By:____
Superintendent

Acceptance of duties as Dissemination Agent:

By:___________________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Rafael City Elementary School District

Name of Issue: $____ Election of 2015 General Obligation Bonds, Series C

Date of Issuance: _______, 2019

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated ________, 2019. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

[ISSUER/DISSEMINATION AGENT]

By:____

APPENDIX E

MARIN COUNTY INVESTMENT POLICY STATEMENT

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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 or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond 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 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 and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices 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 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 (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in St. Paul, Minnesota, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.