

[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 Bonds. See "TAX MATTERS" herein.]

\$[_____]*

**PLEASANTON UNIFIED SCHOOL DISTRICT
(ALAMEDA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2019**

Dated: Date of Delivery**Due: August 1, as shown herein**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Pleasanton Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Series 2019 Bonds") are issued by the Pleasanton Unified School District (the "District"), located in the County of Alameda, California (the "County"), to (i) finance specific construction, repair and improvement projects approved by the voters of the District and (ii) pay costs of delivery with respect to the Series 2019 Bonds. The Series 2019 Bonds were authorized at an election of the voters of the District held on November 8, 2016, at which at least 55% of the voters voting on the proposition authorized the issuance and sale of \$270,000,000 principal amount of bonds of the District. The Series 2019 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District, adopted on August 13, 2019.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series 2019 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds will be issued as current interest bonds, as set forth on the inside front cover hereof. Interest on the Series 2019 Bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2020. Principal of the Series 2019 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series 2019 Bonds will be issued in denominations of \$5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The Series 2019 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2019 Bonds purchased by them. See "THE SERIES 2019 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2019 Bonds will be made by U.S. Bank National Association, as paying agent, registrar and transfer agent with respect to the Series 2019 Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series 2019 Bonds. See "THE SERIES 2019 BONDS – Payment of Principal and Interest" herein.

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2019 BONDS — Redemption" herein.

The Series 2019 Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District; and for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. It is anticipated that the Series 2019 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about _____, 2019.

Stifel

Dated _____, 2019.

* Preliminary; subject to change.

MATURITY SCHEDULE
BASE CUSIP[†]: 728835

\$[_____] *
PLEASANTON UNIFIED SCHOOL DISTRICT
(ALAMEDA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2019

\$ _____ **Serial Series 2019 Bonds**

Maturity (August 1,)	Principal Amount	Interest Rate	Yield	CUSIP Number [†]
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				

\$ _____ % **Term Series 2019 Bonds due August 1, 20__** – Yield _____ % - CUSIP Number[†] _____

\$ _____ % **Term Series 2019 Bonds due August 1, 20__** – Yield _____ % - CUSIP Number[†] _____

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Preliminary; subject to change.

**PLEASANTON UNIFIED SCHOOL DISTRICT
(ALAMEDA COUNTY, CALIFORNIA)**

BOARD OF TRUSTEES

Valerie Arkin, *President*
Steve Maher, *Vice President/Clerk*
Joan Laursen, *Member*
Mark Miller, *Member*
Jamie Yee, *Member*

DISTRICT ADMINISTRATORS

Dr. David Haglund, *Superintendent*
Micaela Ochoa, *Deputy Superintendent, Business Services*
Thomas Gray, *Executive Director of Fiscal Services*
Nicholas Olsen, *Director of Facilities and Construction*

PROFESSIONAL SERVICES

Municipal Advisor

[_____]
 [_____, _____]

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

U.S. Bank National Association
San Francisco, California

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This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Series 2019 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2019 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions 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. This Official Statement is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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 a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words. 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 those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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 Series 2019 Bonds.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2019 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

\$[_____]*

**PLEASANTON UNIFIED SCHOOL DISTRICT
(ALAMEDA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2019**

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 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 Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale of \$[_____] aggregate principal amount of Pleasanton Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series 2019 (the “Series 2019 Bonds”), all as indicated on the inside front cover hereof, to be offered by the Pleasanton Unified School District (the “District”).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See “OTHER LEGAL MATTERS – Continuing Disclosure” and APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds, the resolution of the Board of Trustees of the District providing for the issuance of the Series 2019 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2019 Bonds.

Copies of documents referred to herein and information concerning the Series 2019 Bonds are available from the District by contacting: Pleasanton Unified School District, 4665 Bernal Avenue, Pleasanton, California 94566-7498, Attention: Deputy Superintendent, Business Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District was formed in 1988 and provides elementary and secondary education for students in grades transitional kindergarten through twelve (“K-12”). The District is located in the eastern portion of

* Preliminary; subject to change.

Alameda County (the “County”) and covers an area of approximately 21 square miles. The District encompasses most of the city of Pleasanton, a small portion of the city of Hayward, and certain parts of the unincorporated area of the County. There are currently one preschool, nine elementary schools, three middle schools, two comprehensive high schools and one continuation high school within the District. In addition, the District operates five child care centers. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is \$23,939,421,918. The District budgets that total K-12 enrollment for fiscal year 2019-20 will be [_____] students.

The District is governed by a five-member Board of Trustees (the “Board of Trustees”), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District’s other key personnel. Dr. David Haglund has served as Superintendent of the District since July 1, 2017.

For additional information about the District, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET” and APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

THE SERIES 2019 BONDS

Authority for Issuance; Purpose

The Series 2019 Bonds are issued under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Section 15140 and Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on August 13, 2019 (the “Resolution”).

At an election held on November 8, 2016, the District received authorization under Measure II to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$270,000,000 to repair and upgrade aging classrooms and facilities at local schools; provide 21st-century learning technology and facilities; improve school safety and security; update science labs; improve energy and water efficiency; renovate, construct, and acquire classrooms, equipment and facilities; and construct a new elementary school (collectively, the “2016 Authorization”). Measure II required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 69.1%.

The Series 2019 Bonds represent the second series of authorized bonds to be issued under the 2016 Authorization and will be issued (i) to finance projects authorized under the 2016 Authorization and (ii) to pay costs of delivery with respect to the Series 2019 Bonds. See “–Application and Investment of Series 2019 Bond Proceeds” herein.

Form and Registration

The Series 2019 Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The Series 2019 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Series 2019 Bonds. Purchases of Series 2019 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series 2019 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2019 Bonds, beneficial

owners (“Beneficial Owners”) will not receive physical certificates representing their ownership interests. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

Interest. The Series 2019 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on February 1, 2020, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and on or prior to the succeeding Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2019 Bond, interest is in default on any outstanding Series 2019 Bonds, such Series 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2019 Bonds.

Payment of Series 2019 Bonds. The principal of the Series 2019 Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, as paying agent (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

Interest on the Series 2019 Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the “Owner”) at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Series 2019 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series 2019 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The Series 2019 Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2019 Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Series 2019 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

* Preliminary; subject to change.

Mandatory Sinking Fund Redemption. The \$_____ term Series 2019 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
_____	\$ _____

†

_____† Maturity.

The principal amount of the \$_____ term Series 2019 Bonds maturing on August 1, 20__, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Series 2019 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The \$_____ term Series 2019 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
_____	\$ _____

†

_____† Maturity.

The principal amount of the \$_____ term Series 2019 Bonds maturing on August 1, 20__, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Series 2019 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2019 Bonds for Redemption. If less than all of the Series 2019 Bonds are called for redemption, the Series 2019 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2019 Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series 2019 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2019 Bond shall be deemed to consist of individual Series 2019 Bonds of denominations of \$5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2019 Bond will be given by the Paying Agent not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the

County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2019 Bonds. See APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series 2019 Bonds and the date of issue of the Series 2019 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2019 Bonds to be redeemed; (vi) if less than all of the Series 2019 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2019 Bonds of each maturity to be redeemed; (vii) in the case of Series 2019 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2019 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2019 Bonds to be redeemed; (ix) a statement that such Series 2019 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2019 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series 2019 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2019 Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2019 Bonds called for redemption is set aside, the Series 2019 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2019 Bonds at the place specified in the notice of redemption, such Series 2019 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2019 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2019 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the “Interest and Sinking Fund”) or the trust fund established for such purpose. All Series 2019 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2019 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 Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2019 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 Series 2019 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.

Defeasance of Series 2019 Bonds

The District may pay and discharge any or all of the Series 2019 Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest

and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2019 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds and remaining unclaimed for two years after the principal of such Series 2019 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys is required to be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series 2019 Bond Proceeds

The proceeds of the Series 2019 Bonds are expected to be applied as follows:

**PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds, Election of 2016, Series 2019**

Estimated Sources and Uses of Funds

Sources of Funds:

Principal Amount of Series 2019 Bonds	\$
[Plus/Less] [Net] Original Issue [Premium/Discount]	
Total Sources of Funds	\$

Uses of Funds:

Deposit to Building Fund	\$
Deposit to Interest and Sinking Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Underwriter's Discount	
Total Uses of Funds	\$

⁽¹⁾ Consists of premium received by the District.

⁽²⁾ Includes legal fees, municipal advisor fees, rating agency fee, printing fees, and other miscellaneous expenses.

Under California law, all money received by or apportioned to a school district must generally be paid into and held in the County treasury. The proceeds from the sale of the Series 2019 Bonds less amounts necessary to pay costs of issuance will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds shall be applied solely for the purposes for which the Series 2019 Bonds were authorized. Any premium or accrued interest on the Series 2019 Bonds received by the District will be deposited in the Interest and Sinking Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund. All funds held by the County Treasurer-Tax Collector (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See

APPENDIX F – “ALAMEDA COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL” for a description of the permitted investments under the investment policy of the County. In addition, to the extent permitted by law and the investment policy of the County, the District may request in writing that all or any portion of the funds held in the Building Fund may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series 2019 Bonds. The County Treasurer does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

Debt Service

Debt service on the Series 2019 Bonds, assuming no early redemptions, is as set forth in the following table.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds, Election of 2016, Series 2019

Year Ending August 1,	Principal	Interest	Total Debt Service
2020	\$	\$	\$
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
Total:	\$	\$	\$

Outstanding Bonds

In addition to the Series 2019 Bonds, the District has three series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

1988 Authorization. The District received authorization at an election held on June 7, 1988, to issue bonds of the District in an aggregate principal amount not to exceed \$85 million to finance specific construction and modernization projects approved by the voters (the “1988 Authorization”). The District previously issued 10 separate series of general obligation bonds under the 1988 Authorization in an aggregate principal amount of \$84,997,487. All 10 of these series of bonds issued under the 1988 Authorization were subsequently refunded in full by six separate issues of refunding bonds issued in August 1992, August 1995, May 1996, November 1998, November 2002 and April 2004. The District subsequently issued refunding bonds to refund certain of these refunding bonds. Of the District’s refunding bonds relating to the 1988 Authorization, one series is currently outstanding: the District’s 2014 General Obligation Refunding Bonds, Series A (the “Series 2014A Refunding Bonds”), issued on June 26, 2014, in the aggregate principal amount of \$11,100,000. A portion of the Series 2014A Refunding Bonds was issued to refund refunding bonds from the 1997 Authorization set forth below.

1997 Authorization. At an election held on March 4, 1997, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$69.8 million to finance specific construction and improvement projects approved by the voters (the “1997 Authorization”). The District previously issued six separate series of bonds under the 1997 Authorization in an aggregate principal amount of \$69,795,583. All six of these series of bonds were subsequently refunded by refunding bonds issued in October 2003, April 2004 and September 2004. Of the District’s refunding bonds relating to the 1997 Authorization, two series are currently outstanding: (a) the District’s 2013 General Obligation Refunding Bonds, Series A (the “Series 2013 Refunding Bonds”), issued on July 10, 2013, in the aggregate principal amount of \$14,565,000, and (b) the Series 2014A Refunding Bonds described above, which were issued to refund refunding bonds from both the 1988 Authorization and the 1997 Authorization.

2016 Authorization. On October 25, 2017, the District issued its General Obligation Bonds, Election of 2016, Series 2017, in the aggregate principal amount of \$70,645,000 (the “Series 2017 Bonds”) as the first series of bonds issued under the 2016 Authorization. The Series 2017 Bonds were issued to provide funds to cause a portion of the District’s 2010 Refunding Certificates of Participation to be prepaid, in addition to finance authorized projects.

Aggregate Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding general obligation bonds of the District, assuming no early redemptions.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	Series 2013 Refunding Bonds	Series 2014A Refunding Bonds	Series 2017 Bonds	Series 2019 Bonds	Aggregate Total Debt Service
2019	\$3,124,775.00	\$1,613,750.00	\$12,415,700.00		
2020	3,988,275.00	1,004,250.00	3,638,500.00		
2021	4,097,025.00	1,001,750.00	3,606,300.00		
2022	-	1,010,050.00	3,642,700.00		
2023	-	1,008,800.00	2,804,900.00		
2024	-	-	2,807,150.00		
2025	-	-	2,806,650.00		
2026	-	-	2,808,400.00		
2027	-	-	2,817,150.00		
2028	-	-	2,822,400.00		
2029	-	-	2,819,150.00		
2030	-	-	2,732,650.00		
2031	-	-	2,840,200.00		
2032	-	-	2,953,250.00		
2033	-	-	3,074,250.00		
2034	-	-	3,197,650.00		
2035	-	-	3,323,050.00		
2036	-	-	3,455,050.00		
2037	-	-	3,598,050.00		
2038	-	-	3,739,200.00		
2039	-	-	3,888,400.00		
2040	-	-	4,046,800.00		
2041	-	-	4,208,600.00		
2042	-	-	4,373,200.00		
Total:	<u>\$11,210,075.00</u>	<u>\$5,638,600.00</u>	<u>\$88,419,350.00</u>		

Source: [_____]

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2019 Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Series 2019 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Series 2019 Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

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-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector have accounting responsibilities related to the collecting of the property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, 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, as ex officio treasurer of the school district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2018-19 assessed value of \$23,939,421,918. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “*–Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County,

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

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

The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal year 2003-04 through 2018-19.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Assessed Valuations
Fiscal Years 2003-04 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2003-04	\$11,978,901,022	\$3,017,608	\$708,590,400	\$12,690,509,030	--
2004-05	12,811,338,896	3,398,312	638,950,644	13,453,687,852	6.01%
2005-06	13,813,187,276	3,269,411	628,208,232	14,444,664,919	7.37
2006-07	15,067,457,445	2,990,398	603,414,974	15,673,862,817	8.51
2007-08	16,092,271,468	1,520,242	661,921,396	16,755,713,106	6.90
2008-09	16,943,714,095	1,520,242	695,870,688	17,641,105,025	5.28
2009-10	16,865,578,741	1,520,242	708,916,123	17,576,015,106	-0.37
2010-11	16,590,855,358	1,583,493	669,788,806	17,262,227,657	-1.79
2011-12	16,388,755,484	1,583,493	653,386,733	17,043,725,710	-1.27
2012-13	16,585,475,477	1,583,493	639,174,180	17,226,233,150	1.07
2013-14	17,289,473,683	1,583,362	626,314,994	17,917,372,039	4.01
2014-15	18,235,548,042	1,398,984	695,254,864	18,932,201,890	5.66
2015-16	19,196,102,363	865,618	825,199,297	20,022,167,278	5.76
2016-17	20,267,910,560	848,576	868,468,918	21,137,228,054	5.57
2017-18	21,530,916,092	184,502	880,899,422	22,412,000,016	6.03
2018-19	22,998,659,513	175,828	940,586,577	23,939,421,918	6.82

Source: California Municipal Statistics, Inc.; Annual Percentage Change provided by Stifel Nicolaus & Company, Incorporated.

Risk of Decline in Property Values. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Risk of Changing Economic Conditions; Risk of Earthquake. Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State. The District is located in a seismically active region. Active earthquake faults underlie the nearby Bay Area.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "State Water Board") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

Wildfire. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District. ***[District to confirm no property damage or destruction to District property or property within the boundaries of the District.]***

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as

well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District’s fiscal year 2019-20 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$598.49 million and its net bonding capacity is approximately \$524.99 million (taking into account current outstanding debt before issuance of the Series 2019 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District’s boundaries that reside in the cities of Hayward and Pleasanton and unincorporated portions of the County for fiscal year 2018-19.

**PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2018-19 Assessed Valuation by Jurisdiction**

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Hayward	\$ 8,971,288	0.04%	\$22,252,263,892	0.04%
City of Pleasanton	23,382,241,130	97.67	23,796,761,611	98.26
Unincorporated Alameda County	548,209,500	2.29	19,450,713,931	2.82
Total District	\$23,939,421,918	100.00%		
Alameda County	\$23,939,421,918	100.00%	\$289,798,647,442	8.26%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2018-19 Assessed Valuation and Parcels by Land Use**

	2018-19 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Agricultural/Rural	\$133,686,301	0.58%	130	0.53%
Commercial	1,850,046,977	8.04	505	2.04
Vacant Commercial	97,174,041	0.42	48	0.19
Office Building	2,518,671,052	10.95	385	1.56
Industrial	826,462,143	3.59	288	1.17
Vacant Industrial	19,964,927	0.09	17	0.07
Recreational	44,170,503	0.19	13	0.05
Government/Social/Institutional	41,430,268	0.18	763	3.09
Subtotal Non-Residential	\$5,531,505,212	24.05%	2,149	8.70%
<u>Residential:</u>				
Single Family Residence	\$14,311,827,184	62.23%	18,160	73.52%
Condominium/Townhouse	1,377,671,792	5.99	3,679	14.89
Mobile Home	12,292,681	0.05	190	0.77
Mobile Home Park	25,976,701	0.11	3	0.01
2-4 Residential Units	91,788,936	0.40	138	0.56
5+ Residential Units/Apartments	1,257,099,431	5.47	80	0.32
Vacant Residential	390,396,576	1.70	301	1.22
Subtotal Residential	\$17,467,053,301	75.95%	22,551	91.30%
TOTAL	\$22,998,659,513	100.00%	24,700	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 the assessed valuation of single-family homes in the District's boundaries for fiscal year 2018-19.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2018-19 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	18,160	\$14,311,827,184	\$788,096	\$711,612

2018-19 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	1,023	5.633%	5.633%	\$ 80,638,678	0.563%	0.563%
\$100,000 - \$199,999	1,047	5.765	11.399	147,179,454	1.028	1.592
\$200,000 - \$299,999	987	5.435	16.834	251,548,084	1.758	3.349
\$300,000 - \$399,999	1,431	7.880	24.714	502,915,469	3.514	6.863
\$400,000 - \$499,999	1,526	8.403	33.117	684,167,109	4.780	11.644
\$500,000 - \$599,999	1,424	7.841	40.958	781,939,257	5.464	17.107
\$600,000 - \$699,999	1,462	8.051	49.009	951,836,918	6.651	23.758
\$700,000 - \$799,999	1,714	9.438	58.447	1,286,352,276	8.988	32.746
\$800,000 - \$899,999	1,669	9.191	67.638	1,417,586,390	9.905	42.651
\$900,000 - \$999,999	1,360	7.489	75.127	1,289,777,057	9.012	51.663
\$1,000,000 - \$1,099,999	923	5.083	80.209	965,687,599	6.747	58.411
\$1,100,000 - \$1,199,999	675	3.717	83.926	774,019,179	5.408	63.819
\$1,200,000 - \$1,299,999	482	2.654	86.580	600,693,509	4.197	68.016
\$1,300,000 - \$1,399,999	344	1.894	88.475	462,495,061	3.232	71.248
\$1,400,000 - \$1,499,999	289	1.591	90.066	418,407,507	2.924	74.171
\$1,500,000 - \$1,599,999	266	1.465	91.531	411,727,874	2.877	77.048
\$1,600,000 - \$1,699,999	215	1.184	92.715	355,161,839	2.482	79.530
\$1,700,000 - \$1,799,999	224	1.233	93.948	391,673,537	2.737	82.266
\$1,800,000 - \$1,899,999	201	1.107	95.055	371,818,622	2.598	84.864
\$1,900,000 - \$1,999,999	194	1.068	96.123	377,931,350	2.641	87.505
\$2,000,000 and greater	704	3.877	100.000	1,788,270,415	12.495	100.000
Total	18,160	100.000%		\$14,311,827,184	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

**PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Largest 2018-19 Local Secured Taxpayers**

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Percent of Total ⁽¹⁾
1.	Kaiser Foundation Health Plan Inc.	Office Building	\$ 272,259,721	1.18%
2.	Stoneridge Properties	Regional Mall	261,570,348	1.14
3.	Stoneridge Creek Pleasanton CCRC LLC	Apartments	240,116,421	1.04
4.	Essex Pleasanton Owner LP	Apartments	197,900,093	0.86
5.	6200 Stoneridge Mall Road Investors LLC	Office Building	196,575,000	0.85
6.	Stoneridge Residential LLC	Residential Development	159,823,987	0.69
7.	Tishman Speyer Archstone Smith Hacienda	Apartments	158,076,992	0.69
8.	CP IV Vintage LLC	Apartments	155,560,970	0.68
9.	SFI Pleasanton LLC	Office Building	153,165,681	0.67
10.	Voehringer Mannheim Corporation	Industrial	152,058,014	0.66
11.	Peoplesoft Properties Inc.	Office Building	136,265,147	0.59
12.	GS Springhouse LLC	Apartments	132,719,188	0.58
13.	Gateway Pleasantville LLC	Office Building	118,177,200	0.51
14.	HPC Holdings LLC	Office Building	112,035,574	0.49
15.	Safeway Inc.	Office Building	100,886,286	0.44
16.	Mason Flats Residences LP	Apartments	99,625,000	0.43
17.	Applera Corporation	Office Building	90,039,670	0.39
18.	Pleasanton Retail Owner Inc.	Shopping Center	85,841,261	0.37
19.	Centro NP Rose Pavillion LP	Shopping Center	80,750,456	0.35
20.	State Compensation Insurance Fund	Office Building	77,956,333	0.34
			<u>\$2,981,403,342</u>	<u>12.96%</u>

⁽¹⁾ 2018-19 local secured assessed valuation: \$22,998,659,513
Source: California Municipal Statistics, Inc.

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. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Series 2019 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2019 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational,

hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2019 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 19-006) located within the city of Pleasanton. This Tax Rate Area comprises approximately 29.80% of the total assessed value of the District.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Typical Total Tax Rates of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Alameda County	-	-	-	-	0.011200
Pleasanton Unified School District	0.069500	0.023900	0.022400	0.067200	0.064000
Chabot-Los Positas Community College District	0.021700	0.019800	0.024600	0.044500	0.044300
Flood Zone 7 – State Water Project	0.025000	0.034300	0.033300	0.035900	0.033200
Bay Area Rapid Transit District	0.004500	0.002600	0.008000	0.008400	0.007000
East Bay Regional Park District	0.008500	0.006700	0.003200	0.002100	0.005700
Total	1.129200%	1.087300%	1.091500%	1.158100%	1.165400%

Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the Education Code, bonds approved pursuant to the 2016 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2016 Authorization will require a tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2019 Bonds, the District projects that the maximum tax rate required to repay the Series 2019 Bonds and all other outstanding bonds approved at the 2016 Authorization will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2019 Bonds and any other series of bonds issued under the 2016 Authorization in each year.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2019 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within

five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District, and for the 1% general fund apportionment, with respect to property located in the County, for fiscal years 2013-14 through 2017-18.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	\$15,711,049.72	\$106,957.33	0.68%
2014-15	12,543,267.76	77,147.17	0.62
2015-16	4,566,089.98	24,768.60	0.54
2016-17	4,515,826.56	25,104.60	0.56
2017-18	14,426,237.80	78,579.12	0.54

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	\$39,995,530.73	\$444,425.41	1.11%
2014-15	42,609,552.54	440,843.30	1.03
2015-16	45,057,529.67	550,959.54	1.22
2016-17	47,697,596.33	507,703.67	1.06
2017-18	50,898,383.94	436,083.62	0.86

⁽¹⁾ District's general obligation bond debt service levy only.

⁽²⁾ Countywide 1% General Fund apportionment.

Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to the 1% general purpose property tax levy. Whether the Teeter Plan is also applied to other tax levies for local agencies, such as taxes levied for repayment of school district general obligation bonds, varies by county.

The County does not apply the Teeter Plan to taxes levied for repayment of school district general obligation bonds, such as the Series 2019 Bonds.

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

Direct and Overlapping Debt

Set forth [on the following page] is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective May 20, 2019 for debt outstanding as of June 1, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Statement of Direct and Overlapping Bonded Debt

May 20, 2019

2018-19 Assessed Valuation: \$23,939,421,918

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/19</u>
Alameda County	8.261%	\$ 19,826,400
Bay Area Rapid Transit District	3.185	25,787,671
Chabot-Las Positas Community College District	19.149	126,653,401
Pleasanton Unified School District	100.000	73,495,000 ⁽¹⁾
East Bay Regional Park District	5.044	9,014,132
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$254,776,604
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	8.261%	\$71,757,318
Alameda-Contra Costa Transit District Certificates of Participation	0.004	459
Pleasanton Unified School District Certificates of Participation	100.000	755,000
City of Hayward General Fund Obligations	0.040	33,322
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$72,546,099
 COMBINED TOTAL DEBT		\$327,322,703⁽²⁾

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$73,495,000)	0.31%
Combined Direct Debt (\$74,250,000)	0.31%
Total Direct and Overlapping Tax and Assessment Debt	1.06%
Combined Total Debt	1.37%

⁽¹⁾ Excludes the Series 2019 Bonds.

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

[In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Series 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2019 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2019 Bonds is the first price at which a substantial amount of such maturity of the Series 2019 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity

of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2019 Bonds accrues daily over the term to maturity of such Series 2019 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019 Bonds. Beneficial Owners of the Series 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2019 Bonds is sold to the public.

Series 2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2019 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2019 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding the

potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2019 Bonds ends with the issuance of the Series 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2019 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.]

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2019 Bonds at the time of issuance substantially in the form set forth in Appendix D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2019 Bonds are legal investments for commercial banks in California to the extent that the Series 2019 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, the Series 2019 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2019 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event.

The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”).

[To be updated with CD report provided by UW.] [In the previous five years, the District failed to timely file notice of an insurer rating change.]

The District has engaged [_____] to serve as dissemination agent with respect to its prior continuing disclosure undertakings and the undertaking with respect to the Series 2019 Bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2019 Bonds or the District’s ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District’s ability to issue and retire the Series 2019 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2019 Bonds or District officials who will sign certifications relating to the Series 2019 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2019 Bonds.

[The District is occasionally subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.]

MISCELLANEOUS

Rating

Moody’s Investors Service, Inc. has assigned its rating of “[_____]” to the Series 2019 Bonds. A rating agency generally bases its rating on its own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2019 Bonds. Neither the Underwriter (defined herein) nor the District have undertaken any responsibility after the offering of the Series 2019 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2019 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2019 Bonds. [_____] is acting as the District’s municipal advisor with respect to the Series 2019 Bonds. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter with respect to the Series 2019 Bonds. Payment of the fees and expenses of the District’s municipal advisor and counsel to the Underwriter are also contingent upon the sale and delivery of the Series 2019 Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Series 2019 Bonds.

Underwriting

The Series 2019 Bonds are being purchased for reoffering to the public by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), pursuant to the terms of a bond purchase agreement executed on _____, 2019 (the “Purchase Agreement”), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Series 2019 Bonds at a price of \$_____ (which represents the aggregate principal amount of the Series 2019 Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, and less an Underwriter’s discount in the amount of \$_____). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2019 Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2019 Bonds.

The District has duly authorized the delivery of this Official Statement.

PLEASANTON UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Pleasanton Unified School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series 2019 Bonds are payable from the general fund of the District or from State revenues. The Series 2019 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Alameda on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District was formed in 1988 and provides elementary and secondary education for students in grades transitional kindergarten through twelve ("K-12"). The District is located in the eastern portion of Alameda County (the "County") and covers an area of approximately 21 square miles. The District encompasses most of the city of Pleasanton, a small portion of the city of Hayward, and certain parts of the unincorporated area of the County. There are currently one preschool, nine elementary schools, three middle schools, two comprehensive high schools and one continuation high school within the District. In addition, the District operates five child care centers. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is \$23,939,421,918. The District budgets that total K-12 enrollment for fiscal year 2019-20 will be [] students.

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. David Haglund has served as Superintendent of the District since July 1, 2017.

Board of Trustees

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

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Board of Trustees

Name	Office	Term Expires
Valerie Arkin	President	December 2020
Steve Maher	Vice President/Clerk	December 2020
Joan Laursen	Member	December 2022
Mark Miller	Member	December 2022
Jamie Yee	Member	December 2020

Superintendent and Key Personnel

The Superintendent of the District is appointed by the Board of Trustees and reports to the Board of Trustees. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators.

Dr. David Haglund, Superintendent. Dr. Haglund has served as Superintendent of the Pleasanton Unified School District since July 1, 2017. Before coming to Pleasanton, Dr. Haglund served as the Deputy Superintendent of Educational Services and Chief Academic Officer for the Santa Ana Unified School District, located in Orange County, beginning in 2013. Serving the 7th largest school district in California, Dr. Haglund led academic programs for the Santa Ana Unified School District's 60 school sites.

Prior to leading educational services at Santa Ana Unified School District, Dr. Haglund served as Director of Educational Options and then Assistant Superintendent of Instructional Support at the Riverside Unified School District. Across his 29-year career in education, Dr. Haglund has held positions as a classroom teacher, principal and district administrator. Dr. Haglund earned his Bachelor of Arts from Hope International University, Master of Science from California Baptist University, and Doctorate of Education from the University of Southern California.

Micaela Ochoa, Deputy Superintendent, Business Services. Ms. Ochoa has been with the Pleasanton Unified School District since August 2015. During her time with the District, she has served as Deputy Superintendent and Interim Superintendent. Ms. Ochoa has worked in K-12 Public Education since 2003 as Assistant Superintendent/Chief Business Official in Alameda, Santa Clara and San Mateo Counties. Prior to her work in K-12 Public Education, Ms. Ochoa worked in business operations at Stanford University and UC Berkeley. Ms. Ochoa also worked in the private sector for KPMG, and prior to that, she worked for the California Legislative Analyst's Office. Ms. Ochoa earned her Bachelor of Arts Degree from UC Berkeley and her Master of Science Degree from Carnegie Mellon University. She expects to complete her Doctorate from UC Berkeley this year.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 52.47% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), budgeted at approximately \$87.00 million in fiscal year 2019-20. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "–Allocation of State Funding to School Districts; Local Control Funding Formula" and "–Attendance and LCFF" and "Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is guaranteed to school districts, community college districts,

and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See “– Allocation of State Funding to School Districts; Local Control Funding Formula” herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding

level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as “maintenance factor.”

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State’s response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers’ unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years’ Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution’s definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2019 Bonds, and the District takes no responsibility for informing owners of the Series 2019 Bonds as to actions the State Legislature or Governor may take affecting the current year’s budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the “2018-19 State Budget”) on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately \$133.33 billion in revenues, and \$83.82 billion in non-Proposition 98 expenditures and \$54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a \$1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately \$1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of \$97.2 billion (\$56.1 billion State general fund and \$41.1 billion other funds) for all kindergarten through grade 12 (“K-12”) education programs. The 2018-19 State Budget provides \$3.7 billion in new funding for the LCFF, which

fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional \$570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides \$300 million one-time Proposition 98 general fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes \$57.8 million in Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, of which \$4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.
- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes \$15 million one-time Proposition 98 general fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.
- Community Engagement Initiative. The 2018-19 State Budget includes \$13.3 million one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the local control and accountability plan ("LCAP") process.
- California Collaborative for Educational Excellence. The 2018-19 State Budget includes \$11.5 million Proposition 98 general fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.
- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes \$10 million Proposition 98 general fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.
- Strong Workforce Program. The 2018-19 State Budget includes \$164 million ongoing Proposition 98 general fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.
- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes \$150 million ongoing Proposition 98 general fund resources to make permanent the Career Technical Education Incentive Grant Program.
- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing \$167.2 million one-time Proposition 98 general fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the “Proposed 2019-20 State Budget”) on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately \$149.32 billion (including a prior year balance of approximately \$12.38 billion) and total expenditures in fiscal year 2018-19 totaled approximately \$144.08 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately \$147.86 billion, inclusive of revenues and transfers of approximately \$142.62 billion and a prior year balance of \$5.24 billion. The Proposed 2019-20 State Budget projects total expenditures of \$144.20 billion, inclusive of non-Proposition 98 expenditures of approximately \$88.90 billion and Proposition 98 expenditures of approximately \$55.30 billion. The Proposed 2019-20 State Budget proposes to allocate approximately \$1.39 billion of the general fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and \$2.28 billion of such fund balance to the State’s Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of \$15.30 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of \$2 billion in Proposition 98 general fund resources for the LCFF.
- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a \$3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-term liabilities for local educational agencies and community colleges, of which \$700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining \$2.3 billion will be allocated to the employers’ long-term unfunded liability.
- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of \$20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.
- Special Education. The Proposed 2019-20 State Budget includes \$576 million of Proposition 98 general fund resources, of which \$186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.
- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of \$750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of \$10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of state investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.
- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.
- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of \$388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of \$187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.
- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of \$283 million of Proposition 98 general fund resources 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 of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes
- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of \$187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, 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. The Proposed 2019-20 State Budget includes a net increase of \$119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are \$597 million and \$482.2 million, respectively.
- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of \$26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.
- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of \$9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.
- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of \$50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of

this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst’s Office (“LAO”), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled “The 2019-20 Budget: Overview of the Governor’s Budget” on January 14, 2019 (the “2019-20 Proposed Budget Overview”). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of \$20.6 billion. The LAO explains that this is due to the administration’s higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates \$20.6 billion in discretionary resources among a variety of priorities, including \$9.7 billion for reducing debts and liabilities on a one-time basis, \$5.1 billion for programmatic spending on a one-time basis, \$2.7 billion for ongoing spending and \$3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions \$2.7 billion for ongoing spending, which will reach an estimated \$3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration’s budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2019-20 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2019-20 State budget (the “2019-20 May Revision”) on May 9, 2019. The 2019-20 May Revision proposes a balanced budget for fiscal year 2019-20. The 2019-20 May Revision projects an increase of \$3.2 billion in short-term general fund revenues as compared to the Proposed 2019-20 State Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayments and schools. Therefore, the budget surplus remains relatively unchanged. The 2019-20 May Revision estimates that total resources available in fiscal year 2018-19 will be approximately \$149.47 billion (including revenues and transfers of \$138.05 billion and a prior year balance of \$11.42 billion) and total expenditures in fiscal year 2018-19 will be approximately \$143.24 billion. The 2019-20 May Revision projects total resources available for fiscal year 2019-20 of approximately \$150.06 billion, inclusive of revenues and transfers of approximately \$143.84 billion and a prior year balance of approximately \$6.22 billion. The 2019-20 May Revision projects total expenditures of approximately \$147.03 billion, inclusive of non-Proposition 98 expenditures of \$91.13 billion and Proposition 98 expenditures of \$55.90 billion. The 2019-20 May Revision proposes to allocate approximately \$1.39 billion of the State general fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and approximately \$1.65 billion of such fund balance to the State’s special fund for economic uncertainties. In addition, the 2019-20 May Revision estimates that the State’s Proposition 2 rainy day fund (the “Rainy Day Fund”) will have a fund balance of approximately \$16.52 billion.

The 2019-20 May Revision assumes slow economic expansion and a balanced budget through fiscal year 2019-20, although its forecasts are limited by growing uncertainty related to the global political and economic climate, federal policies, rising costs and the duration of the current economic expansion. The 2019-20 May Revision projects that the Rainy Day Fund will reach its maximum of 10% of general fund revenues in fiscal year 2020-21. By the end of fiscal year 2022-23, the 2019-20 May Revision projects that the Rainy Day Fund balance will have a balance of \$18.7 billion.

The 2019-20 May Revision includes total funding of \$101.8 billion for all K-12 education programs, including \$58.9 billion from the general fund and \$42.9 billion from other funds.

Certain adjustments and budgetary proposals for K-12 education set forth in the 2019-20 May Revision include the following:

- **Proposition 98 Minimum Guarantee.** The 2019-20 May Revision projects increased Proposition 98 funding by \$78.4 million in fiscal year 2017-18, \$278.8 million in fiscal year 2018-19 and \$389.3 million in fiscal year 2019-20, due to increase in general fund revenues, an increase in the minimum guarantee funding level in fiscal year 2017-18 and a slightly slower decline in ADA than projected in the Proposed 2019-20 State Budget.
- **Public School System Stabilization Account.** For the first time, the 2019-20 May Revision projects that a deposit is required to the Public School System Stabilization Account in the amount of \$389.3 million in Proposition 98 resources.
- **Special Education.** The 2019-20 May Revision proposes to allocate \$696.2 million in ongoing Proposition 98 general fund resources to special education, \$119.2 million more than set forth in the Proposed 2019-20 State Budget, to increase coordination between local general education and

special education programs, and for program governance and accountability for special education student outcomes.

- Retaining Well-Prepared Educators. The 2019-20 May Revision includes \$89.8 million in one-time non-Proposition 98 general fund resources for loan repayments of newly credentialed teachers to work in high-need schools. The 2019-20 May Revision also includes \$44.8 million in one-time non-Proposition 98 general fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, and \$13.9 million in ongoing federal funds for professional learning opportunities for public school administrators supporting diverse student populations in State public schools.
- Access to Computer Science Education. The 2019-20 May Revision includes \$15 million in one-time Proposition 98 general fund resources for broadband infrastructure and \$1 million in one-time non-Proposition 98 general fund resources for the State Board of Education to establish a State Computer Science Coordinator.
- CalSTRS Employer Contribution Rate. The 2019-20 May Revision includes \$150 million in one-time non-Proposition 98 general fund resources to reduce the employer contribution rate to 16.7% in fiscal year 2019-20.
- Local Control Funding Formula Adjustments. The 2019-20 May Revision proposes an increase of \$70 million in Proposition 98 general fund resources in fiscal year 2018-19 and a decrease of \$63.9 million in Proposition 98 general fund resources in fiscal year 2019-20 for school districts, charter schools and county offices of education to reflect changes in ADA and cost-of-living in fiscal year 2019-20 that affect the LCFF calculation.
- Classified School Employees Summer Assistance Program. The 2019-20 May Revision includes an increase of \$36 million in one-time Proposition 98 general fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.
- Local Property Tax Adjustments. The 2019-20 May Revision proposes an increase of \$146.6 million of Proposition 98 general fund resources in fiscal year 2018-19 and \$142.1 million in fiscal year 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in these years.
- Wildfire-Related Cost Adjustments. The 2019-20 May Revision proposes an increase of \$2 million in one-time Proposition 98 general fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires in 2017 and 2018. The 2019-20 May Revision also proposes an increase of \$727,000 in one-time Proposition 98 general fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses.
- Categorical Program Cost-of-Living Adjustments. The 2019-20 May Revision proposes to decrease the Proposition 98 general fund by \$7.4 million for selected categorical programs during fiscal year 2019-20. Such decrease reflects a change in the cost-of-living set forth in the Proposed 2019-20 State Budget of 3.46% to 3.26% in the 2019-20 May Revision.

- **Categorical Program Growth.** The 2019-20 May Revision proposes to increase the Proposition 98 general fund by \$7.6 million for selected categorical programs, based on updated estimates of ADA growth.

The complete 2019-20 May Revision is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget or the 2019-20 May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Series 2019 Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Series 2019 Bonds.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State

general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*” herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State “equalization aid.” To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State’s contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as “basic aid districts,” which are now referred to as “community funded districts.” School districts that received some equalization aid were commonly referred to as “revenue limit districts,” which are now referred to as “LCFF districts.” The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant (“Base Grant”) per unit of average daily attendance (“A.D.A.”) with additional supplemental funding (the “Supplemental Grant”) allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have an eight-year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below, but achieved full implementation ahead of schedule in fiscal year 2018-19. The LCFF includes the following components:

- A Base Grant for each local education agency (“LEA”). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$8,235 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs-of-living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as “super COLA.”

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional Concentration Grant of up to 50% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.
- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

Under LCFF, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Attendance and LCFF. The following table sets forth the District’s actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “EL/LI Students”)), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

Fiscal Year		A.D.A./Base Grant					Enrollment ⁽⁸⁾	
		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students
2013-14	A.D.A. ⁽¹⁾ :	4,005.66	3,364.43	2,322.91	4,808.57	14,501.57	14,786	11.02%
	Targeted Base Grant ⁽²⁾ :	\$7,675	\$7,056	\$7,266	\$8,638	--	--	--
2014-15	A.D.A. ⁽¹⁾ :	3,915.18	3,384.12	2,352.23	4,794.88	14,446.41	14,768	12.20%
	Targeted Base Grant ⁽²⁾⁽³⁾ :	\$7,740	\$7,116	\$7,328	\$8,712	--	--	--
2015-16	A.D.A. ⁽¹⁾ :	3,856.34	3,456.52	2,379.72	4,684.94	14,377.52	14,754	12.81%
	Targeted Base Grant ⁽²⁾⁽⁴⁾ :	\$7,083	\$7,189	\$7,403	\$8,578	--	--	--
2016-17	A.D.A. ⁽¹⁾ :	3,855.25	3,459.11	2,381.33	4,681.93	14,377.62	14,778	13.52%
	Targeted Base Grant ⁽²⁾⁽⁵⁾ :	\$7,820	\$7,189	\$7,403	\$8,801	--	--	--
2017-18	A.D.A. ⁽¹⁾ :	3,881.75	3,277.35	2,462.28	4,783.58	14,404.96	14,864	14.69%
	Targeted Base Grant ⁽²⁾⁽⁶⁾ :	\$7,941	\$7,301	\$7,518	\$8,939			
2018-19	A.D.A. ⁽¹⁾ :	3,955.86	3,233.68	2,427.24	4,852.54	14,469.32	14,978	16.01%
	Targeted Base Grant ⁽²⁾⁽⁷⁾ :	\$8,235	\$7,571	\$7,796	\$9,269			

⁽¹⁾ A.D.A. for the second period of attendance, typically in mid-April of each school year.

⁽²⁾ Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF is now fully implemented as of the current fiscal year 2018-19 – two years ahead of its anticipated implementation.

⁽³⁾ Targeted fiscal year 2014-15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

⁽⁴⁾ Targeted fiscal year 2015-16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

⁽⁵⁾ Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

⁽⁶⁾ Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

⁽⁷⁾ Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts. This “super COLA” amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.

⁽⁸⁾ Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System (“CALPADS”) for the 2015-16 through 2017-18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI Students was based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Pleasanton Unified School District.

The District received approximately \$129.84 million (estimated) in aggregate revenues reported under LCFF sources in fiscal year 2018-19 and has budgeted to receive approximately \$136.86 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 82.54% of its general fund revenues in fiscal year 2019-20). Such amount includes supplemental grants projected to be approximately \$[_____] million in fiscal year 2019-20. [The District does not expect to receive any concentration grants in fiscal year 2019-20.]

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula*" herein for more information about the LCFF.

Local property tax revenues account for approximately 52.85% of the District's aggregate revenues reported under LCFF sources and are budgeted to be approximately \$72.33 million, or 43.62% of total general fund revenues in fiscal year 2019-20.

For information about the property taxation system in California and the District's property tax base, see "– Property Taxation System," "–Assessed Valuation of Property Within the District," and "–Tax Charges and Delinquencies," under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of the Official Statement.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment

does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 2.21% (or approximately \$3.67 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 13.56% (or approximately \$22.48 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at approximately \$3.11 million for fiscal year 2019-20.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 1.69% (or approximately \$2.81 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's former auditors, Christy White Accountancy Corporation, San Diego, California ("CWA"), for fiscal year 2013-14, Gilbert Associates, Inc., CPAs and Advisors, Sacramento, California ("GAI"), for fiscal years 2014-15 through 2016-17, and by the District's current auditor, Cossolias Wilson Dominguez Leavitt, Certified Public Accountants, San Diego, California ("CWDL"). The District's contract with CWA terminated at the end of fiscal year 2013-14 and subsequently, pursuant to a selection process involving requests for proposals from multiple accounting firms, GAI was selected as the District's auditor. [Explain reason for change in auditors from GAI to CWDL].

The change in auditors in fiscal year 2014-15 and again in fiscal year 2017-18, resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the tables below for fiscal year 2013-14, fiscal years 2014-15 through 2016-17 and fiscal year 2017-18, are categorized differently. Although historical total revenue and expenditure figures are comparatively consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and is not directly comparable.

CWA, GAI and CWDL have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The table on the following page sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal year 2013-14. The table on page A-[14] sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2014-15 through 2016-17. The table on page A-[15] sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2017-18.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Year 2013-14

	Fiscal Year 2013-14
REVENUES	
Revenue limit sources/LCFF sources ⁽¹⁾	\$98,892,550
Federal sources	3,407,792
Other state sources	19,969,211
Other local sources	7,736,790
Total Revenues	<u>130,006,343</u>
EXPENDITURES	
Current	
Instruction	88,401,113
Instruction-Related Services	
Instructional supervision and administration	3,984,198
Instructional library, media and technology	1,981,057
School site administration	7,642,346
Pupil Services	
Home-to-school transportation	1,073,070
Food services	-
All other pupil services	4,890,800
General Administration	
Centralized data processing	749,556
All other general administration	6,544,680
Plant services	10,041,874
Facility acquisition and maintenance	24,203
Transfers between/to other agencies	1,488,810
Debt service	
Principal	143,908
Interest and other	39,161
Total Expenditures	<u>127,004,776</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>3,001,567</u>
Other Financing Sources (Uses)	
Transfers in	206,164
Transfers out	(681,023)
Net Financing Sources (Uses)	<u>(474,859)</u>
NET CHANGE IN FUND BALANCE	2,526,708
Fund Balances - Beginning	18,368,202
Fund Balances - Ending	<u>\$20,894,910</u>

⁽¹⁾ The LCFF was implemented beginning in fiscal year 2013-14.

Source: Pleasanton Unified School District Audited Financial Report for fiscal year 2013-14.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2014-15 through 2016-17

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
REVENUES			
LCFF sources	\$104,357,634	\$111,795,008	\$117,050,885
Federal sources	3,220,027	3,467,247	3,361,973
Other state sources	18,680,856	28,915,665	22,471,255
Other local sources	7,292,150	6,586,219	8,330,533
Total Revenues	133,550,667	150,764,139	151,214,646
EXPENDITURES			
Current			
Instruction	92,151,454	98,571,791	101,848,589
Instruction-Related Services:			
Supervision of instruction and administration	4,471,246	5,894,604	5,721,204
Administrative unit (AU) of multidistrict SELPA	229,729	380,280	378,471
Instructional library, media and technology	2,218,896	2,477,179	2,299,822
School site administration	8,124,301	9,014,373	9,109,220
Pupil Services:			
Pupil Transportation	881,535	943,026	845,639
Food services	244	-	-
Other pupil services	5,452,637	6,396,390	6,896,802
General Administration Services:			
Data processing services	856,363	814,687	796,090
Other general administration	6,872,255	7,672,235	6,796,989
Plant services	10,222,503	10,596,459	11,194,437
Transfers between/to other agencies	1,462,955	1,065,066	1,101,114
Capital outlay	55,269	6,100	13,009
Other outgo:			
Debt service – principal	71,842	36,374	37,621
Debt service – interest	35,270	30,518	29,223
Total Expenditures	133,106,499	143,899,082	147,068,230
Excess (Deficiency) Of Revenues Over Expenditures	444,168	6,865,057	4,146,416
Other Financing Sources (Uses)			
Interfund transfers in	(677,728)	1,281,916	111,900
Interfund transfers out	78,833	(362,728)	(545,231)
Net Financing Sources and Uses	(598,895)	919,188	(433,331)
NET CHANGE IN FUND BALANCE	(154,727)	7,784,245	3,713,085
Fund Balance, July 1	20,894,910	20,740,183	28,524,428
Fund Balance, June 30	\$20,740,183	\$28,524,428	\$32,237,513

Source: Pleasanton Unified School District Audited Financial Reports for fiscal years 2014-15 through 2016-17.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Year 2017-18

	Fiscal Year 2017-18
REVENUES	
LCFF sources	\$120,552,980
Federal sources	3,795,141
Other state sources	22,925,221
Other local sources	7,816,435
Total Revenues	<u>155,089,777</u>
EXPENDITURES	
Current	
Instruction	108,075,483
Instruction-related services	
Instructional supervision and administration	5,804,385
Instructional library, media and technology	2,551,844
School site administration	9,645,024
Pupil services	
Home-to-school transportation	946,619
Food services	-
All other pupil services	7,741,342
General administration	
Centralized data processing	1,026,747
All other general administration	6,670,608
Plant services	11,590,154
Facilities acquisition and maintenance	1,265,958
Transfers to other agencies	1,177,176
Debt service	
Principal	37,868
Interest and other	25,034
Total Expenditures	<u>156,558,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,468,465)</u>
Other Financing Sources (Uses)	
Transfers in	147,188
Transfers out	(276,849)
Net Financing Sources (Uses)	<u>(129,661)</u>
NET CHANGE IN FUND BALANCE	(1,598,126)
Fund Balance, July 1	<u>32,237,513</u>
Fund Balance, June 30	<u>\$30,639,388</u>

Source: Pleasanton Unified School District Audited Financial Report for fiscal year 2017-18.

The following table sets forth the audited general fund balance sheet of the District for fiscal year 2013-14.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Summary of General Fund Balance Sheet
Fiscal Year 2013-14

	Fiscal Year 2013-14
ASSETS	
Cash and cash equivalents	\$14,322,509
Accounts receivable	11,683,197
Due from other funds	242,180
Stores inventory	114,486
Prepaid expenditures	146,646
Total Assets	<u><u>\$26,509,018</u></u>
LIABILITIES	
Deficit cash	-
Accrued liabilities	\$ 5,272,474
Due to other funds	316,831
Current loans	-
Unearned revenue	24,803
Total Liabilities	<u><u>5,614,108</u></u>
FUND BALANCES	
Nonspendable	326,548
Restricted	6,399,770
Committed	4,413,795
Assigned	1,091,653
Unassigned	8,663,144
Total Fund Balances	<u><u>20,894,910</u></u>
Total Liabilities and Fund Balances	<u><u>\$26,509,018</u></u>

Source: Pleasanton Unified School District Audited Financial Reports for fiscal year 2013-14.

The following table sets forth the audited general fund balance sheet of the District for fiscal years 2014-15 through 2016-17.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2014-15 through 2016-17

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
ASSETS			
Cash and Equivalents	\$16,349,615	\$24,627,667	\$29,451,643
Accounts receivable	9,707,477	8,032,499	7,861,311
Due from other funds	371,973	1,590,788	260,555
Inventories	79,053	91,728	106,739
Prepaid items/expenditures	143,123	160,968	133,979
Total Assets	\$26,651,241	\$34,503,650	\$37,814,227
LIABILITIES			
Accrued liabilities	5,876,809	5,893,488	5,547,743
Due to other funds	15,000	45,310	2
Unearned revenue	19,249	40,424	28,969
Total Liabilities	5,911,058	5,979,222	5,576,714
FUND BALANCES			
Nonspendable:			
Revolving cash	64,350	76,787	70,378
Inventory	79,053	91,728	106,739
Prepaid items	143,123	160,968	133,979
Restricted:			
Instruction	4,992,324	7,169,682	5,517,872
Postemployment benefits	535,066	462,150	-
Committed:			
Instruction	1,021,965	1,056,094	-
Technology	381,301	537,242	-
Mandate claims	967,107	-	-
Regional occupational program	540,000	-	-
Postemployment benefits	3,834,225	5,074,009	6,345,596
Assigned:			
Department/site carryover	649,042	645,534	200,580
Supplemental carryover	646,724	625,549	349,549
Technology	-	-	378,647
Textbook adoption carryover	-	-	3,003,172
Instruction	-	-	1,300,000
Routine maintenance	-	-	1,390,744
Contingency reserve	-	-	3,200,000
CTEIG	-	-	499,069
Pay off Sycamore loan	-	-	257,140
Other assignments	-	-	50,000
Unassigned	6,885,903	12,624,685	9,434,048
Total Fund Balances	20,740,183	28,524,428	32,237,513
Total Liabilities and Fund Balances	\$26,651,241	\$34,503,650	\$37,814,227

Source: Pleasanton Unified School District Audited Financial Reports for fiscal years 2014-15 through 2016-17.

The following table sets forth the audited general fund balance sheet of the District for fiscal year 2017-18.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Summary of General Fund Balance Sheet
Fiscal Year 2017-18

	Fiscal Year 2017-18
ASSETS	
Cash and cash equivalents	\$31,219,954
Accounts receivable	6,771,504
Due from other funds	591,538
Stores inventory	101,441
Prepaid expenditures	67,522
Total Assets	38,751,959
LIABILITIES	
Accrued liabilities	8,089,911
Due to other funds	20,604
Deferred revenue	2,056
Total Liabilities	8,112,571
FUND BALANCES	
Nonspendable	-
Spendable	243,442
Restricted	
Educational programs	5,055,265
Assigned	10,406,216
Unassigned	14,934,465
Total Fund Balances	30,639,388
Total Liabilities and Fund Balances	\$38,751,959

Source: Pleasanton Unified School District Audited Financial Report for fiscal year 2017-18.

District Budget Process and County Review

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

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

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction (the "State Superintendent") may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as “A.B. 1200”) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, 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, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district’s fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district’s repayment of indebtedness is probable. [In the last five years, the District has not received a negative or qualified certification for an interim financial report.]

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president’s designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district’s return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to

whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

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The following table sets forth the District's adopted general fund budgets for fiscal years 2016-17 through 2019-20, unaudited actuals for fiscal years 2016-17 through 2017-18 and estimated actuals for fiscal year 2018-19.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Fund Budgets for Fiscal Years 2016-17 through 2019-20,
Unaudited Actuals for Fiscal Years 2016-17 through 2017-18
and Estimated Actuals for Fiscal Year 2018-19

	2016-17 Original Adopted Budget	2016-17 Unaudited Actuals ⁽¹⁾	2017-18 Original Adopted Budget	2017-18 Unaudited Actuals ⁽¹⁾	2018-19 Original Adopted Budget	2018-19 Estimated Actuals ⁽²⁾	2019-20 Original Adopted Budget
REVENUES							
LCFF Sources	\$117,088,415.00	\$117,050,885.58	\$119,953,165.00	\$120,552,979.69	\$129,745,677.00	\$129,842,398.00	\$136,857,728.00
Federal Revenue	3,474,726.00	3,361,972.60	3,516,886.00	3,795,140.65	3,499,538.00	4,334,492.00	3,667,620.00
Other State Revenue	21,107,665.00	22,471,255.63	19,666,057.00	22,925,221.06	25,693,986.00	28,762,231.00	22,478,831.00
Other Local Revenue	1,320,924.00	8,290,930.90	2,290,301.00	7,742,425.86	2,658,472.00	8,914,624.00	2,806,716.00
TOTAL REVENUES	142,991,730.00	151,175,044.71	145,426,409.00	155,015,767.26	161,597,673.00	171,853,745.00	165,810,895.00
EXPENDITURES							
Certificated Salaries	78,010,384.00	80,262,766.27	80,436,670.00	82,423,330.49	84,005,657.00	86,223,265.00	88,339,181.00
Classified Salaries	18,226,031.00	18,864,844.33	18,829,117.00	19,269,994.84	18,548,529.00	19,777,718.00	20,404,929.00
Employee Benefits	24,756,976.00	25,846,217.95	28,608,622.00	29,297,292.42	32,222,254.00	32,954,677.00	35,988,282.00
Books and Supplies	9,251,464.00	8,319,655.80	4,260,081.00	6,862,114.17	7,922,914.00	9,766,858.00	6,512,192.00
Services, Other Operating Expenses	14,468,397.00	14,853,681.54	14,136,798.00	16,750,859.77	16,462,583.00	24,429,251.00	18,480,152.00
Capital Outlay	127,681.00	173,450.77	100,681.00	919,310.44	1,005,433.00	3,644,090.00	481,836.00
Other Outgo (excluding Direct Support/Indirect Costs)	1,164,833.00	1,167,958.74	1,169,658.00	1,240,077.35	1,404,102.00	1,814,215.00	1,814,215.00
Other Outgo - Transfers of Indirect Costs	(225,030.00)	(220,547.64)	(244,809.00)	(204,733.39)	(215,977.00)	(215,977.00)	(206,475.00)
TOTAL EXPENDITURES	145,780,736.00	147,068,229.76	147,296,818.00	156,558,246.09	161,355,495.00	178,394,097.00	171,814,312.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,789,006.00)	4,106,814.95	(1,870,409.00)	(1,542,478.83)	242,178.00	(6,540,352.00)	(6,003,417.00)
OTHER FINANCING SOURCES (USES)							
Inter-fund Transfers In	692,764.00	545,065.46	717,439.00	613,095.60	668,200.00	1,068,073.00	600,050.00
Inter-fund Transfers Out ⁽³⁾	(1,385,805.00)	(1,748,230.57)	(1,203,000.00)	(1,479,849.42)	(1,203,000.00)	(1,281,613.00)	(1,523,375.00)
Other Sources (Uses)	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
TOTAL, OTHER FINANCING SOURCES (USES)	(693,041.00)	(1,203,165.11)	(485,561.00)	(866,753.82)	(534,800.00)	(213,540.00)	(923,325.00)
NET INCREASE (DECREASE) IN FUND BALANCE	(3,482,047.00)	2,903,849.84	(2,355,970.00)	(2,409,232.65)	(292,622.00)	(6,753,892.00)	(6,926,742.00)
BEGINNING BALANCE, as of July 1	17,882,888.19	22,988,269.04	14,805,355.01	25,891,922.89	19,909,550.49	23,482,692.00	16,728,800.00
Audit Adjustments	-	-	-	-	-	-	-
As of July 1 – Audited	17,882,888.19	22,988,269.04	14,805,355.01	25,891,922.89	19,909,550.49	23,482,692.00	16,728,800.00
Other Restatements	-	0.01	-	-	-	-	-
Adjusted Beginning Balance	17,882,888.19	22,988,269.05	14,805,355.01	25,891,922.89	19,909,550.49	23,482,692.00	16,728,800.00
ENDING BALANCE	\$14,400,841.19	\$25,891,918.89	\$12,449,385.01	\$23,482,690.24	\$19,616,928.49	\$16,728,800.00	\$9,802,058.00
Unrestricted Ending Balance	\$11,150,755.48	\$20,374,047.04	\$9,192,360.73	\$18,791,910.55	\$17,345,233.04	\$14,886,094.00	\$8,254,053.00
Restricted Ending Balance	\$3,250,085.71	\$5,517,871.85	\$3,257,024.28	\$4,690,779.69	\$2,271,695.45	\$1,842,706.00	\$1,548,005.00

⁽¹⁾ The revenues, expenditures and ending balance in the District's unaudited actuals for fiscal years 2016-17 and 2017-18 differ from the District's audited financial reports for such fiscal years because the District's audited financial reports include the activity of the Special Reserve for Other than Capital Outlay Fund with the General Fund.

⁽²⁾ Figures are projections.

⁽³⁾ Amounts include annual transfers to fund future OPEB liabilities, Association of Pleasanton Teachers and Management CalPERS medical benefits, deferred maintenance, and to repay the advances from the Sycamore Fund, a sub-fund of the Special Reserve Fund for Capital Outlay Projects that was established to account for proceeds from the District's sale of real property. As of June 30, 2017, the general fund has repaid all of the advances from the Sycamore Fund, and the Sycamore Fund has been restored.
Source: Pleasanton Unified School District adopted general fund budgets for fiscal years 2016-17 through 2019-20; unaudited actuals for fiscal years 2016-17 through 2018-19; and estimated actuals for fiscal year 2018-19.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District’s long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Debt	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in One Year
General obligation bonds	\$19,919,976	\$70,645,000	\$5,278,578	\$85,286,398	\$11,791,398
Unamortized premium	2,055,305	5,290,266	577,886	6,767,685	642,581
Accreted interest	2,594,175	3,200	1,006,423	1,590,952	1,590,952
Certificates of participation	15,730,000	-	14,255,000	1,475,000	720,000
Compensated absences	521,897	63,685	-	585,582	-
Total	<u>\$40,821,353</u>	<u>\$76,002,151</u>	<u>\$21,117,887</u>	<u>\$95,705,617</u>	<u>\$15,330,513</u>

Source: Pleasanton Unified School District Audited Financial Report for fiscal year 2017-18.

General Obligation Bonds. In addition to the Series 2019 Bonds, the District has outstanding three series of general obligation bonds, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

See “THE SERIES 2019 BONDS – Outstanding Bonds” and “– Aggregate Debt Service” in the front portion of this Official Statement for more information about such outstanding bonds.

Certificates of Participation. On June 24, 2010, the District entered into a lease/purchase agreement with the Alameda Contra Costa School Financing Authority for the execution and delivery of \$17,510,000 aggregate principal amount of the District’s Series 2010 Certificates. The Series 2010 Certificates were sold on behalf of the District to refinance the Alameda-Contra Costa Schools Financing Authority Variable Rate Demand Certificates of Participation (Capital Financing Project) and the District’s Certificates of Participation (2003 Financing Project), which provided funds for the acquisition and construction of certain projects. On October 15, 2017, the District issued its General Obligation Bonds, Election of 2016, Series 2017 to provide funds to cause a portion of the 2010 Certificates maturing on August 1 in the years 2018 through 2026, inclusive, and 2029, to be prepaid in addition to finance authorized projects. The 2010 Certificates mature on August 1, 2019.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and the State Public Employees’ Retirement System (“CalPERS”) (see “– Retirement Benefits” below), the District provides certain post retirement healthcare benefits to District employees (the “Plan”). The District funds up to five retirement award packages each year for certificated non-management retirees wherein each eligible retiree shall receive a lump-sum amount towards an IRS 403(b) account. If an eligible retiree’s application is not funded, the retiree will receive District-paid benefits. The District offers a “Golden Handshake” program for management employees wherein each eligible retiree shall receive either District-paid benefits or lump-sum amount towards an IRC 403(b) account.

Certificated, classified and management retirees must be at least age 55 with 10 years of service to the District. All groups receive the same dental coverage. The District provides an explicit subsidy for pre-65 medical and dental benefits for all retirees except those management retirees that chose the “Golden Handshake” program. For management retirees to be eligible for the “Golden Handshake” program a member with either a combined 10 years as an administrator/employee in the District, or seven years as an administrator in the District and who is at least 55 years of age. The amount of benefits described is subject to increase based on yearly cost-of-living adjustment calculations.

Contributions are required for both retiree and dependent coverage. Depending on the employee group and the terms of retirement, the District provides an explicit subsidy for all eligible retirees except those that are in the Management Early Retirement programs. The duration of the subsidy is either five or seven years depending on the retiree's choice of coverage and until the retiree reaches age 65, whichever comes first. The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Board of Trustees of the District.

For a description of the District's program, see Note 7 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

In June 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). Other post-employment benefits (meaning other than pension benefits) ("OPEB") generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces GASB Statements Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The District has implemented Statement No. 75 beginning with its audited financial statements for fiscal year 2017-18. As a result, the beginning net position decreased by \$13,313,321, of which \$11,004,755 was the result of adjustments made to reflect the District's net OPEB liability.

As of June 30, 2018, 236 inactive employees/dependents participate in the Plan, with a total of 1,275 active employees of the District. At June 30, 2018, the District had not established an irrevocable trust or designated a trustee for the payment of Plan benefits. The contributions at June 30, 2018 consisted of \$1,037,275 postemployment benefits for current retirees on a pay-as-you-go basis. The District's fiscal year 2017-18 transfer of \$1,203,000 from the general fund to the special reserve fund for other than capital outlay does not meet the GASB qualifications for a contribution. However, as of June 30, 2018, the District has committed approximately \$7.2 million for postemployment benefits.

Nyhart Actuary & Employee Benefits, a consulting and actuarial firm located in San Diego, California, has prepared an actuarial valuation (the "Actuarial Valuation") covering the District's retiree health benefits and reports that, as of June 30, 2017, the had a total and net OPEB liability of \$27,712,765. The Actuarial Valuation assumes, among other things, 2.75% inflation rate, 3.4% discount rate, 6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO and 3.00% payroll increase. For more information about the Plan, the District's OPEB liability and the Trust, see Note 7 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018"

Tax and Revenue Anticipation Notes. The most recent fiscal year in which the District issued tax and revenue anticipation notes ("TRANS") was fiscal year 2012-13. [The District does not expect to issue

TRANS or borrow funds to supplement the District's cash flow in fiscal year 2019-20.] The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

As of [____], 2019, the District employed [____] full-time certificated employees and [____] full-time classified employees. In addition, the District employed [____] part-time faculty and staff. For fiscal year 2018-19, the total certificated and classified payrolls for all funds were approximately \$86.22 million (estimated) and \$19.78 million (estimated), respectively, and are budgeted to be approximately \$88.34 million and \$20.40 million, respectively, in fiscal year 2019-20. These employees, except management and some part-time employees, are represented by the bargaining units as noted below.

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
California School Employees Association	[____]	June 30, 2020
Association of Pleasanton Teachers	[____]	[June 30, 2019]*

**[Describe status of negotiations.]*

Source: Pleasanton Unified School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, covered employees contributed 8.00% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. 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 CalSTRS 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.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.3 billion, an increase of approximately \$10.6 million from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 62.6%, 63.7%, and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," a 7.00% investment return assumption consistent with the State Teachers' Retirement Board's decision on February 1, 2017, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPR (as defined herein). See "Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

Pursuant to Assembly Bill 1469, school district's contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10
2020	18.10

Source: Assembly Bill 1469.

The following table sets forth the District's employer contributions to CalSTRS as well as the State's required non-employer contribution for fiscal years 2015-16 through 2018-19 and the budgeted contribution for fiscal year 2019-20.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Contributions to CalSTRS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	District Contribution	State's On-Behalf Contribution
2015-16	\$ 8,384,573	\$[_____]
2016-17	10,009,054	[_____]
2017-18	11,337,592	\$5,924,487
2018-19 ⁽¹⁾	[_____]	[_____]
2019-20 ⁽²⁾	[_____]	[_____]

⁽¹⁾ Estimated actuals for fiscal year 2018-19.

⁽²⁾ Original adopted budget for fiscal year 2019-20.

Source: Pleasanton Unified School District

The District's total employer contributions to CalSTRS for fiscal years 2015-16 through 2018-19 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS 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 CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such school districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a

15-year period with experience gains and losses spread over a rolling 30-year period. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017 (the “2017 CalPERS Schools Pool Actuarial Valuation”). The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

The actuarial funding method used in the 2017 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method”. The 2017 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.75% inflation and payroll growth of 3.00% compounded annually. The 2017 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.375% compounded annually (net of administrative expenses) as of June 30, 2017, 7.25% compounded annually (net of administrative expenses) as of June 30, 2018, and 7.0% compounded annually (net of administrative expenses) as of June 30, 2019. The first reduction in the investment rate of return will impact the District’s employer contribution rates beginning in fiscal year 2018-19. The CalPERS Board also adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.75% as of June 30, 2017, to 2.625% as of June 30, 2018, and finally to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. The overall payroll growth will be reduced from 3.0% annually as of June 30, 2017, to 2.875% as of June 30, 2018, and finally to 2.75% as of June 30, 2019.

On April 16, 2019, the CalPERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date, to those hired after such date, the projected contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases and decreases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District’s total employer contributions to CalPERS for fiscal years 2015-16 through 2018-19 and the budgeted contribution for fiscal year 2019-20.

PLEASANTON UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Contributions to CalPERS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	Contribution
2015-16	\$1,984,398
2016-17	2,543,175
2017-18	2,859,379
2018-19 ⁽¹⁾	3,264,636
2019-20 ⁽²⁾	4,112,242

⁽¹⁾ Estimated actuals for fiscal year 2018-19.

⁽²⁾ Original adopted budget for fiscal year 2019-20.

Source: Pleasanton Unified School District

The District’s total employer contributions to CalPERS for fiscal years 2015-16 through 2018-19 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPR (see “Governor’s Pension Reform”

below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 8 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements, which generally increases pension expenses. Statement Number 67

became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in the East Bay Schools Insurance Group (“EBSIG”) and the Alameda County Schools Insurance Group (“ACSIG”) (collectively, the “JPAs”). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

EBSIG arranges for and provides property and liability insurance for its members. ACSIG arranges for and provides workers’ compensation insurance for its members. EBSIG and ACSIG are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the boards. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs. See Note 10 to the District’s audited financial statements attached hereto as APPENDIX B— “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018” for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value”

for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situation.” Any such allocation made to a local agency continues as part of its allocation in future years.

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 market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Article XIII C and Article XIII D 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 XIII C and XIII D (“Article XIII C” and “Article XIII D,” respectively), 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 XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its

maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The 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 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A 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.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed 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 districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget

over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 districts Appropriations Limits 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 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a

former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “– Proposition 98 and Proposition 111” above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by the voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL MATTERS — State Funding of Education; State Budget Process.”

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediate after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Series 2019 Bonds as and when due.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, 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.

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX C

ECONOMY OF THE DISTRICT

The Pleasanton Unified School District (the “District”) encompasses nearly all of the city of Pleasanton (“Pleasanton”), a small portion of the city of Hayward, and adjacent unincorporated areas of Alameda County (the “County”). The following economic data for Pleasanton and the County are presented for information purposes only. The Series 2019 Bonds are not a debt or obligation of Pleasanton or the County, and taxes to pay the Series 2019 Bonds are levied only on taxable property located within the District.

General

Pleasanton comprises most of the territory of the District. The District is located in close proximity to employment centers in the San Francisco Bay Area, and is about 30 miles east of San Francisco. Several large employers located in Pleasanton include the corporate offices of Kaiser Permanente, Safeway, Oracle, and Workday.

U.S. Interstate Highway 680 traverses the District, and U.S. Interstate Highway 580 is the District’s northern border. Commuter rail transportation is provided by the Bay Area Rapid Transit District (“BART”), with two stations located along U.S. Interstate Highway 580 adjacent to the District.

Population

The population of Pleasanton as of January 1, 2019 was 80,492 persons, representing 4.8% of the population of the County. The population of Pleasanton and the County from 2000 to 2019 is shown in the following table.

POPULATION CITY OF PLEASANTON AND COUNTY OF ALAMEDA 2000 to 2019

Year	City of Pleasanton		County of Alameda	
	Population	Annual % Change	Population	Annual % Change
2000	63,654	--	1,443,939	--
2001	65,011	2.13%	1,457,185	0.92%
2002	65,712	1.08	1,467,063	0.68
2003	66,464	1.14	1,467,892	0.06
2004	66,732	0.40	1,466,407	-0.10
2005	66,890	0.24	1,462,736	-0.25
2006	67,215	0.49	1,462,371	-0.02
2007	68,012	1.19	1,470,622	0.56
2008	68,796	1.15	1,484,085	0.92
2009	69,579	1.14	1,497,799	0.92
2010	70,285	1.01	1,510,271	0.83
2011	70,910	0.89	1,527,845	1.16
2012	71,635	1.02	1,546,992	1.25
2013	71,926	0.41	1,570,384	1.51
2014	73,148	1.70	1,590,603	1.29
2015	75,246	2.87	1,613,168	1.42
2016	76,073	1.10	1,631,088	1.11
2017	77,097	1.35	1,646,156	0.92
2018	79,483	3.09	1,656,884	0.65
2019	80,492	1.27	1,669,301	0.75

Source: For 2001-2009 and 2011-2019: California State Department of Finance, Demographic Unit, as of January 1. For 2000 and 2010: U.S. Department of Commerce, Bureau of the Census, as of April 1.

Employment

The following table summarizes civilian labor force, employment, and unemployment in the County from 2010 to 2017. The annual average unemployment rate in the County in 2017 was 3.6% compared with 4.8% for the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT County of Alameda Annual Averages (2010 to 2017)

Year	Civilian Labor Force	Employed Labor Force ⁽¹⁾	Unemployed Labor Force ⁽²⁾	Unemployment Rate ⁽³⁾
2010	782,500	697,100	85,400	10.9%
2011	786,800	707,400	79,400	10.1
2012	798,400	729,000	69,400	8.7
2013	802,800	744,800	58,000	7.2
2014	810,000	762,900	47,100	5.8
2015	823,100	784,200	38,900	4.7
2016	837,600	801,800	35,800	4.3
2017	848,500	817,600	30,900	3.6

⁽¹⁾ Includes persons involved in labor management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department.

Major Employers

The following table shows the largest employers located in Pleasanton in 2018.

LARGEST EMPLOYERS City of Pleasanton

Employer	2018 Employment
Workday Inc.	3,865
Kaiser Foundation Hospitals	3,743
Oracle America Inc.	1,500
Safeway Inc.	1,386
Pleasanton Unified School District	1,300
Ellie Mae Inc.	752
Roche Molecular Systems Inc.	750
Clorox Services Company	710
Veeva Systems Inc.	650
Blackhawk Network Inc.	639

Source: City of Pleasanton, Comprehensive Annual Financial Report for year ending June 30, 2018.

The following table shows the largest employers in the County as of January 1, 2018.

LARGEST EMPLOYERS
County of Alameda

Employer	Type of Business	2018 Employment
Kaiser Permanente Medical Group Inc.	Health Care	34,398
Sutter Health	Health Care	10,184
Tesla	Electric Vehicle Manufacturer	10,000
County of Alameda	Local Government	9,545
Safeway Inc.	Grocery Retailer	9,373
John Muir Health	Health Care	6,484
Chevron Corporation	Energy	5,252
PG&E Corporation	Energy	5,100
Wells Fargo Bank	Financial Services	5,089
UPS	Trucking/Shipping/Freight	4,500

Source: Alameda County Comprehensive Annual Financial Report for the year ending June 30, 2018.

Taxable Sales

Taxable sales in Pleasanton and the County for the period from 2010 to 2016 are shown in the following tables.

TAXABLE SALES
2010 to 2016
City of Pleasanton

Year	Number of Outlets (July 1)	Total Taxable Sales (\$000)
2010	2,722	\$1,652,586
2011	2,646	1,715,384
2012	2,752	1,779,335
2013	2,982	1,894,143
2014	3,068	1,985,221
2015	3,333	2,078,459
2016	3,308	2,054,229

Source: California Board of Equalization.

TAXABLE SALES
2010 to 2016
County of Alameda
(in thousands)

	2010	2011	2012	2013	2014	2015	2016
Apparel Stores	\$926,611	\$995,486	\$1,084,439	\$1,331,394	\$1,434,990	\$1,573,419	\$1,702,836
General Merchandise	1,710,291	1,810,195	1,887,477	1,943,081	1,976,243	1,787,594	1,747,607
Food Stores	884,033	928,190	990,964	1,031,311	1,079,266	1,146,357	1,198,454
Eating & Drinking Places	1,994,522	2,121,065	2,318,686	2,505,728	2,717,833	3,027,990	3,212,759
Home Furnishings & Appliances	988,353	1,021,603	1,100,538	1,142,663	1,183,600	1,347,605	1,341,821
Building Material & Farm Implements	1,091,857	1,153,236	1,230,013	1,379,338	1,428,426	1,566,918	1,662,615
Automotive Group	2,183,709	2,405,412	2,823,697	3,138,082	3,536,623	3,932,865	4,212,924
Service Stations	1,716,376	2,135,182	2,291,985	2,218,302	2,153,400	1,807,464	1,626,667
Other Retail Stores	1,878,533	1,949,388	2,053,550	2,203,202	2,310,477	2,512,594	2,681,005
Total Retail Stores	\$13,374,283	\$14,519,756	\$15,781,349	\$16,893,102	\$17,820,857	\$18,702,806	\$19,386,688
All Other Outlets	8,167,458	8,911,043	9,400,222	9,731,469	10,556,857	11,067,352	11,571,792
Total All Outlets	\$21,541,741	\$23,430,799	\$25,181,571	\$26,624,571	\$28,377,714	\$29,770,157	\$30,958,480

Source: California Board of Equalization.

Income

Total personal income in the County increased by approximately 62.8% from 2010 to 2017, representing an average annual compound growth rate of 7.2%. The following table summarizes personal income for the County for 2010 to 2017.

PERSONAL INCOME
2010 to 2017
(in thousands)

Year	Alameda County	Annual % Percent Change
2010	\$72,821,639	-
2011	78,521,460	7.83%
2012	83,005,645	5.71
2013	87,659,801	5.61
2014	95,056,828	8.44
2015	104,464,523	9.90
2016	111,354,955	6.60
2017	118,554,685	6.47

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

The following table summarizes per capita income from 2010 to 2017. Per capita incomes in the County grew by approximately 48.1% between 2010 and 2017, representing an average annual compound growth rate of 5.8%. Per capita income in the County in 2017 was 19.2% higher than for California and 37.8% higher than for the United States.

**PER CAPITA PERSONAL INCOME
2000 to 2017**

Year	Alameda County	California	United States
2010	\$48,118	\$43,609	\$40,546
2011	51,247	46,145	42,735
2012	53,323	48,751	44,599
2013	55,378	49,173	44,851
2014	58,984	52,237	47,060
2015	63,809	55,679	48,985
2016	67,356	57,497	49,883
2017	71,282	59,796	51,731

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

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2019 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2019 Bonds in substantially the following form:

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

ALAMEDA COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Alameda (the "County Treasurer"). It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pools (the "Pools"). Further information may be obtained directly from the Treasurer-Tax Collector, 1221 Oak Street, Room 131, Oakland, California 94612.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pools and has made no assessment of the current Investment Policy. The value of the various investments in the Pools 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 Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pools will not vary significantly from the values described herein.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and 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 the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2019 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2019 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019 Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

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

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

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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