

NEW ISSUE—DTC BOOK-ENTRY ONLY
BANK QUALIFIED

S&P Rating: “__”
See “RATING” herein

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Refunding Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Refunding Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The School District has designated the Refunding Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See “LEGAL MATTERS—Tax Matters” herein.

\$____,000*

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
COMMUNITY FACILITIES DISTRICT NO. 2
2015 SPECIAL TAX REFUNDING BONDS
(BANK QUALIFIED)

DATED: Date of Delivery

DUE: August 15, as shown on the inside cover

The Davis Joint Unified School District Community Facilities District No. 2 2015 Special Tax Refunding Bonds (the “Refunding Bonds”) in the aggregate principal amount of \$____,000* are being issued by the Davis Joint Unified School District (the “School District”) for and on behalf of the Davis Joint Unified School District Community Facilities District No. 2 (the “District”) to refund on a current basis certain outstanding obligations of the District and to pay costs of issuance of the Refunding Bonds. See “PLAN OF REFUNDING” herein.

The Refunding Bonds are payable from the proceeds of an annual Special Tax being levied on and collected from property within the District (see “THE DISTRICT” herein) according to the rate and method of apportionment determined by a formula approved by the then-qualified land owners voting within the District. See “SECURITY AND SOURCE OF PAYMENT—Special Tax” herein and “APPENDIX B—SPECIAL TAX FORMULA” attached hereto. Neither the faith and credit nor the general taxing power of the District, the School District, Yolo County, the State of California, or any political subdivision thereof, is pledged to the payment of the Refunding Bonds. See “SPECIAL RISK FACTORS” herein.

The Refunding Bonds are being issued as fully registered bonds, without coupons, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Refunding Bonds. Individual purchases of the Refunding Bonds will be made in book-entry-only form and only in authorized denominations, as described in this Official Statement. So long as Cede & Co. is the registered owner of the Refunding Bonds, principal of and interest on the Refunding Bonds will be made by U.S. Bank National Association (the “Paying Agent”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Refunding Bonds. See “APPENDIX F—DTC BOOK-ENTRY SYSTEM” attached hereto.

Interest on the Refunding Bonds is first payable on August 15, 2015, and semiannually thereafter on February 15 and August 15 of each year. The Refunding Bonds are subject to redemption prior to maturity. See “THE REFUNDING BONDS—Redemption Provisions” herein.

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

MATURITY SCHEDULE

See Inside Cover

The Refunding Bonds are being purchased for re-offering by _____ as Underwriter of the Refunding Bonds. The Refunding Bonds are offered when, as and if issued by the School District and received by the Underwriter, subject to approval as to legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Bond Counsel. It is anticipated that the Refunding Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about June 9, 2015.

This Official Statement is dated _____, 2015

*Preliminary, subject to adjustment.

The information contained in this Preliminary Official Statement has been deemed by the School District to be final as of the date hereof; however, the information contained herein is subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$ __, ____, 000*

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
COMMUNITY FACILITIES DISTRICT NO. 2
2015 SPECIAL TAX REFUNDING BONDS

Maturity Date August 15	Principal Amount*	Coupon Interest Rate	Yield	Price	CUSIP Number
2015	\$ __,000	__% %	__% %	__.	238838__
2016	__,000	__.	__.	__.	238838__
2017	__,000	__.	__.	__.	238838__
2018	__,000	__.	__.	__.	238838__
2019	__,000	__.	__.	__.	238838__
2020	__,000	__.	__.	__.	238838__
2021	__,000	__.	__.	__.	238838__
2022	__,000	__.	__.	__.	238838__
2023	__,000	__.	__.	__.	238838__
2024	__,000	__.	__.	__.	238838__
2025	__,000	__.	__.	__.	238838__
2026	__,000	__.	__.	__.	238838__
2027	__,000	__.	__.	__.	238838__
2028	__,000	__.	__.	__.	238838__
2029	__,000	__.	__.	__.	238838__

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

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

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

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

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

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

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

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

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

\$____,000*
DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
COMMUNITY FACILITIES DISTRICT NO. 2
2015 SPECIAL TAX REFUNDING BONDS

SCHOOL DISTRICT BOARD OF TRUSTEES

Alan Fernandes, President
Madhavi Sunder, Vice President
Susan Lovenburg, Member
Barbara Archer, Member
Tom Adams, Member

SCHOOL DISTRICT ADMINISTRATION

Winfred B. Roberson, Jr., Superintendent
Bruce Colby, Associate Superintendent, Business Services
Clark Bryant, Ph.D., Associate Superintendent, Instructional Services
Matt Best, Associate Superintendent, Administrative Services

Davis Joint Unified School District
526 B Street
Davis, California 95616
(530) 757-5300

FINANCIAL ADVISOR

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1228 N Street, Suite 13
Sacramento, California 95814
(916) 444-5100

BOND COUNSEL

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A Professional Corporation
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Sacramento, California 95814

PAYING AGENT AND ESCROW AGENT

U.S. Bank National Association
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San Francisco, California 94111
(415) 677-3591

TAX CONSULTANT

SCI Consulting Group
4745 Mangels Blvd.
Fairfield, California 94534
(707) 430-4300

* Preliminary; subject to adjustment.

\$____,000*

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
COMMUNITY FACILITIES DISTRICT NO. 2
2015 SPECIAL TAX REFUNDING BONDS

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* Preliminary; subject to adjustment.

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OFFICIAL STATEMENT

\$____,000*

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
COMMUNITY FACILITIES DISTRICT NO. 2
2015 SPECIAL TAX REFUNDING BONDS

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to provide certain information concerning the sale and delivery of the Davis Joint Unified School District, Community Facilities District No. 2, 2015 Special Tax Refunding Bonds (the “Refunding Bonds”) in the aggregate principal amount of \$____,000*.

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

The District

The Davis Joint Unified School District Community Facilities District No. 2 (the “District”) is a community facilities district organized by the Board of Trustees (the “Board”) of the Davis Joint Unified School District (the “School District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311 *et seq.* of the California Government Code (the “Law”). Pursuant to the Law, the five members of the Board serve as the legislative body of the District by virtue of their election to the Board.

The District consists of a number of non-contiguous properties within the boundaries of the School District. The School District is located in the south-central region of Yolo County (the “County”) approximately 15 miles west of Sacramento and 75 miles northeast of San Francisco. The boundaries of the School District are within the City of Davis and some of the unincorporated areas of the County and Solano County. See “THE DISTRICT” herein.

* Preliminary; subject to adjustment.

Authority for Issuance

Pursuant to the Law, the Board formed the District and called for an election to authorize the issuance of bonds and the levying of a special tax within the District for the purpose of providing for the financing of certain school facilities in and for the District. At an election held pursuant to the Law in 1990, the landowners voting within the boundaries of the District authorized the levy of the special tax and the issuance of \$70,000,000 aggregate principal amount of bonds (the “1990 Authorization”).

The School District has issued seven series of bonds under the 1990 Authorization:

- In 1993, the School District issued the first series of special tax bonds under the 1990 Authorization (the “Series 1993 Bonds”) pursuant to a resolution adopted by the Board on July 1, 1993 (the “Initial Resolution”);
- In 1995, the School District issued the second series of special tax bonds under the 1990 Authorization (the “Series 1995 Bonds”) pursuant to a resolution adopted by the Board on July 6, 1995 (the “First Supplemental Resolution”);
- In 1997, the School District issued the third series of special tax bonds under the 1990 Authorization (the “Series 1997 Bonds”) pursuant to a resolution adopted by the Board on June 5, 1997 (the “Second Supplemental Resolution”);
- In 1998, the School District issued the fourth series of special tax bonds under the 1990 Authorization (the “Series 1998 Bonds”) pursuant to a resolution adopted by the Board on February 5, 1998 (the “Third Supplemental Resolution”) to refund the Series 1993 Bonds and Series 1995 Bonds;
- In 2001, the School District issued the fifth series of special tax bonds under the 1990 Authorization (the “Series 2001 Bonds”) pursuant to a resolution adopted by the Board on June 7, 2001 (the “Fourth Supplemental Resolution”);
- In 2004, the School District issued the sixth series of special tax bonds under the 1990 Authorization (the “Series 2004 Bonds”) pursuant to a resolution adopted by the Board on October 21, 2004 (the “Fifth Supplemental Resolution”); and
- In 2012, the School District issued the seventh series of special tax bonds under the 1990 Authorization (the “Series 2012 Bonds”) pursuant to a resolution adopted by the Board on April 19, 2012 (the “Sixth Supplemental Resolution”) to refund the Series 1997 Bonds, Series 1998 Bonds and Series 2001 Bonds.

The Refunding Bonds represent the eighth series of special tax bonds issued pursuant to the 1990 Authorization. The Refunding Bonds are being issued pursuant to a resolution adopted by the Board on April 23, 2015 (the “Seventh Supplemental Resolution” and, together with the Initial Resolution, First Supplemental Resolution, Second Supplemental Resolution, Third Supplemental Resolution, Fourth Supplemental Resolution, Fifth Supplemental Resolution, and Sixth Supplemental Resolution, the “Resolutions”). Under the 1990 Authorization, \$32,834,315 of authorization remains unissued.

Purpose of Issue

The Refunding Bonds are being issued to (i) refund on a current basis the Series 2004 Bonds maturing August 15, 2016, through August 15, 2029, inclusive (the “Prior Bonds”), (ii) pay the costs of issuance of the Refunding Bonds, and (iii) restore the Bond Reserve Account (defined herein) to an amount equal to the Required Bond Reserve (defined herein).

Description of the Refunding Bonds

The Refunding Bonds are dated their date of delivery and issued as fully registered bonds, without coupons, in book-entry form only. The Refunding Bonds are initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”). Payments of the principal of and interest on the Refunding Bonds will be made by U.S. Bank National Association (the “Paying Agent”) to DTC for subsequent disbursement to the beneficial owners of the Refunding Bonds (the “Beneficial Owners”). See “APPENDIX E—DTC BOOK-ENTRY SYSTEM” attached hereto.

The Refunding Bonds are issued in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 15 in each of the years and in the amounts set forth on the inside cover page hereof. Interest on the Refunding Bonds is payable on February 15 and August 15 of each year, commencing August 15, 2015, and is computed on the basis of a 360-day year of twelve 30-day months. See “THE REFUNDING BONDS—Payment of Principal and Interest” herein.

The Refunding Bonds are subject to redemption prior to maturity. See “THE REFUNDING BONDS—Redemption Provisions” herein.

Source of Payment

Payments of principal of and interest on the Refunding Bonds are to be made from the proceeds of an annual special tax authorized to be levied annually by the School District on all Taxable Property (defined herein) in the District under and pursuant to the Law and the rate and method of apportionment of the special tax approved at the election held in the District (the "Special Tax") and from certain amounts on deposit under the Resolutions. As used in this Official Statement, "Taxable Property" is all land within the District taxable under the Law in accordance with the proceedings for the 1990 Authorization and the levy and collection of the Special Tax. See "SECURITY AND SOURCE OF PAYMENT—The Special Tax" herein and APPENDIX B—SPECIAL TAX FORMULA" attached hereto.

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes are collected by the Auditor-Controller/Treasurer-Tax Collector of Yolo County (the "Treasurer"), and when received by the Treasurer will be placed in a special fund (the "Special Tax Fund") established by the School District in the treasury of the County and held by the Treasurer on behalf of the School District.

The Special Tax has been dedicated by the Board for the payment of the principal of and interest on and any premium on all bonds issued pursuant to the 1990 Authorization (the "Bonds"), including the Refunding Bonds, until all Bonds have been paid and retired or until moneys or federal securities have been set aside irrevocably for that purpose. See "SECURITY AND SOURCE OF PAYMENT" herein.

Parity Bonds

Pursuant to the Law and under the authority of the Resolutions, additional series of bonds under the 1990 Authorization may be issued in an amount up to the maximum aggregate principal amount authorized by the voters on a parity basis with the Refunding Bonds, and consequently will be secured by a pledge of the proceeds of the Special Tax and certain amounts on deposit under the Resolutions ("Parity Bonds"). Additional Parity Bonds may only be issued subject to the conditions and limitations contained in the Resolutions regarding the issuance of additional Parity Bonds. See "ISSUANCE OF ADDITIONAL INDEBTEDNESS" herein.

Limited Obligations

Neither the faith and credit nor the general taxing power of the District, the School District, the County, the State nor any political subdivision thereof is pledged for the payment of the Refunding Bonds. The Refunding Bonds are not general obligations of the District or the School District, but are limited obligations of the District payable solely from the proceeds of the Special Tax. See "SPECIAL RISK FACTORS—Not a General Obligation of the District or School District" herein.

Bank Qualified Obligations

The Refunding Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Bond Insurance

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

Continuing Disclosure

The School District will covenant for the benefit of holders and Beneficial Owners to make available certain financial information and operating data relating to the District and the School District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of certain enumerated events are set forth in "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. See also "CONTINUING DISCLOSURE" herein.

Professionals Involved

Government Financial Strategies inc., Sacramento, California, has acted as financial advisor (the "Financial Advisor") with respect to the sale and delivery of the Refunding Bonds. See "FINANCIAL ADVISOR" herein. All proceedings in connection with the sale and delivery of the Refunding Bonds are subject to the approving legal opinion of Kronick, Moskovitz, Tiedemann & Girard, Bond Counsel ("Bond Counsel"). U.S. Bank National Association will act as paying agent with respect to the Refunding Bonds and escrow agent (the "Escrow Agent") with respect to the Prior Bonds. Bond Counsel, Paying Agent and Escrow Agent will receive compensation from the School District contingent upon the sale and delivery of the Refunding Bonds.

Other Information

This Official Statement may be considered current only as of its date that has been made a part of the cover page hereof, and the information contained herein is subject to change. A description of the Refunding Bonds, the District and the School District, together with summaries of certain provisions of the Resolutions are included in this Official Statement. The descriptions herein do not purport to be comprehensive or definitive. All references herein to the Refunding Bonds and the Resolutions are qualified in their entirety by reference to such documents.

Interested parties may obtain copies of the Resolutions, legal documents, audited financial statements, annual budgets, or any other information which is generally made available to the public by contacting the Davis Joint Unified School District, Attention: Associate Superintendent, Business Services, 526 B Street, Davis, California 95616, telephone (530) 757-5300, or by contacting the School District's Financial Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California 95814, telephone (916) 444-5100.

THE REFUNDING BONDS

Authority for Issuance

The Law was enacted by the State Legislature to provide an alternative method of financing certain essential public capital facilities and services. Once duly established by the legislative body of a local agency, a community facilities district is a legally constituted governmental entity within defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Law, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Law, the Board adopted Resolution No. 36-90 on May 3, 1990, establishing the District and authorizing the levy of the Special Tax for the purpose of providing for the financing of certain school facilities in and for the District. The Board adopted Resolution No. 37-90 on May 3, 1990, determining the necessity to incur a bonded indebtedness in an amount not-to-exceed \$70,000,000 and to levy and collect the Special Tax within the District.

On May 24, 1990, at an election held pursuant to the Law, the landowners voting within the boundaries of the District authorized the issuance of \$70,000,000 aggregate principal amount of bonds. The text of the ballot measure, which passed with more than two-thirds of the votes cast in favor of the ballot measure, was as follows:

Shall Community Facilities District No. 2 of the Davis Joint Unified School District incur an indebtedness and issue bonds in the maximum aggregate principal amount of \$70,000,000 with interest at a rate or rates not to exceed the maximum interest rate permitted by law at the time of sale of such bonds, the proceeds of which will be used to finance the acquisition of sites and facilities, the construction of schools and support facilities, the acquisition of equipment, and such modifications and additions to existing facilities as are necessary to meet student population needs within the boundaries of CFD No. 2: shall a special tax payable solely from the lands within Community Facilities District No. 2, with a maximum rate and method of apportionment as provided in Resolution No. 36-90 which is incorporated herein, to pay the principal of and interest on such bonds be levied; and shall the appropriations limit of said Community Facilities District No. 2 be established in the amount of \$70,000,000 annually?

The Refunding Bonds are being issued under and pursuant to the provisions of the Law and pursuant to the Resolutions.

Form and Registration

The Refunding Bonds are dated their date of delivery and issued as fully registered bonds, without coupons, in book-entry form only. Pursuant to the Resolutions and a paying agent agreement dated June 9, 2015, by and between the School District and the Paying Agent (the "Paying Agent Agreement"), the Paying Agent will keep and maintain for and on behalf of the District at the Paying Agent's corporate trust office, books (the "Bond Register") for recording the owners of the Refunding Bonds (the "Registered Owners"), the transfer, exchange, and replacement of the Refunding Bonds, and the payment of the principal of and interest on the Refunding Bonds to the Registered Owners. All transfers, exchanges, and replacement of the Refunding Bonds will be noted in the Bond Register.

The Refunding Bonds will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchases of Refunding Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in 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 Refunding Bonds, Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds. See "APPENDIX E— DTC BOOK-ENTRY SYSTEM" attached hereto.

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

Payment of Principal and Interest

The Refunding Bonds are issued in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 15 in each of the years and in the amounts set forth on the inside cover page hereof. Interest on the Refunding Bonds is payable on August 15, 2015, and thereafter semiannually on February 15 and August 15 of each year (each an "Interest Payment Date"). Interest on the Refunding Bonds is computed on the basis of a 360-day year of twelve 30-day months.

Each Refunding Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof, unless it is authenticated as of a day during the period after the fifteenth day of the calendar month immediately preceding the relevant Interest Payment Date (the "Record Date") to that Interest Payment Date, both dates inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before July 15, 2015, in which event it will bear interest from the date of delivery, provided, that if, at the time of authentication of any Refunding Bond, interest is in default thereon, such Refunding Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States of America by wire transfer on each payment date to Cede & Co., so long as Cede & Co. is the sole Registered Owner. In the event the book-entry system is no longer in use, interest on each Refunding Bond due on any Interest Payment Date is payable by check of the Paying Agent mailed to the Registered Owner thereof at such Registered Owner's address as it appears on the registration books at the close of business on the preceding Record Date; provided that at the written request of the Registered Owner of at least \$1,000,000 aggregate principal amount of Refunding Bonds, which written request is on file with the Paying Agent at least 15 days before the Interest Payment Date, interest on such Refunding Bonds will be paid on the Interest Payment Date to such account as shall be specified in such written request.

Redemption Provisions

Optional Redemption. The Refunding Bonds maturing on or before August 15, 2024 are not subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 15, 2025 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 15, 2024 at a redemption price equal to 100 percent of the principal amount thereof to be redeemed (without premium), together with accrued interest to the date fixed for redemption.

[Mandatory Sinking Fund Redemption. The Refunding Bonds maturing by their terms on August 15, 20__ (the “20__ Term Bonds”), are subject to mandatory sinking fund redemption by the District prior to their maturity in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, if any, without premium, solely from mandatory sinking fund payments as provided in the Resolutions, on each August 15 specified in the following table, but which amounts will be reduced proportionately by the principal amount of all such 20__ Term Bonds optionally redeemed.

**Mandatory Sinking Fund Redemption Schedule
20__Term Refunding Bonds**

Year Ending August 15	Sinking Fund Amount

]

Notice of Redemption. Pursuant to the Resolutions, the Paying Agent will give notice (a “Redemption Notice”) of any redemption of Refunding Bonds by mail, postage prepaid, not less than 30 nor more than 60 days prior to the Redemption Date (i) to the Registered Owners thereof at the addresses appearing on the Bond Register, (ii) to all organizations registered with the Securities and Exchange Commission as securities depositories, and (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities. In addition, the School District has covenanted to give notice of optional, unscheduled, and contingent bond calls with respect to the Refunding Bonds to the Municipal Securities Rulemaking Board and to the applicable state information depository, if any. Provision of such notices to the Electronic Municipal Market Access (“EMMA”) system shall fulfill the provision requirements summarized in this section; neither failure to receive any redemption notice nor any defect in any such redemption notice mailed will affect the sufficiency of the proceedings for the redemption of the affected Refunding Bonds or the cessation of interest on the redemption date.

Each Redemption Notice will (i) specify the date of such notice, (ii) state the name of the Refunding Bonds and the date of issue of the Refunding Bonds, (iii) state the redemption date, (iv) state the redemption price, (v) state the dates of maturity of the Refunding Bonds to be redeemed, and if the Refunding Bonds or any maturity are to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vi) state the CUSIP number, if any, of the Refunding Bonds to be redeemed, (vii) require that such Refunding Bonds be surrendered by the Registered Owners at the principal corporate trust office of the Paying Agent, or at any other place or places designated by the Paying Agent, and (viii) give notice that further interest on such Refunding Bonds will not accrue after the designated redemption date.

Effect of Notice of Redemption. A certificate of the Paying Agent or the School District that notice of call and redemption has been given to Registered Owners and to the appropriate securities depositories and information services shall be conclusive as against all parties. The actual receipt by the Registered Owner of any Refunding Bond or by any security depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Refunding Bonds or the cessation of interest on the date fixed for redemption.

Transfer and Exchange

If the book-entry system as described above is no longer used with respect to the Refunding Bonds, the following provisions will govern the transfer and exchange of the Refunding Bonds.

Any Refunding Bond may be transferred or exchanged for Refunding Bonds of like tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for transfer or exchange signed by the Registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Whenever any Refunding Bonds are surrendered for transfer or exchange, the School District will execute and the Paying Agent will authenticate and deliver a new Refunding Bond(s), for like aggregate principal amount. No transfers or exchanges will be required to be made with respect to a Bond that has been selected for redemption.

Defeasance

Refunding Bonds may be paid by in any of the following ways: (i) by paying or causing to be paid the principal or redemption price of and interest on such Refunding Bonds, as and when the same become due and payable; (ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem such Refunding Bonds; or (iii) by delivering to the Paying Agent, for cancellation by it, such Refunding Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any outstanding Refunding Bond pursuant to the Resolutions, then all liability of the District with respect to such Refunding Bond will cease and be completely discharged.

PLAN OF REFUNDING

Application and Investment of Bond Proceeds

A portion of the proceeds from the sale of the Refunding Bonds will be irrevocably deposited into an escrow fund (the “2004 Escrow Fund”) to be created and maintained by the Escrow Agent pursuant to an escrow agreement by and between the School District and Escrow Agent dated June 1, 2015 (the “Escrow Agreement”). Moneys in the 2004 Escrow Fund will be held in cash, uninvested.

A portion of the proceeds of the Refunding Bonds will be retained by the Paying Agent in a costs of issuance fund (the “Costs of Issuance Fund”) and used to pay costs associated with the issuance of the Refunding Bonds. Any proceeds deposited into the Costs of Issuance Fund not needed to pay the costs of issuance of the Refunding Bonds will be transferred by the Paying Agent to the Treasurer for deposit in the Redemption Account (defined herein) previously established and maintained by the Treasurer.

AMTEC Corporation and Ross & Company, PLLC, together acting as verification agent with respect to the 2004 Escrow Fund, will certify in writing that moneys irrevocably deposited in the 2004 Escrow Fund will be sufficient for the payment of interest coming due and payable to the date fixed for redemption plus the redemption amount of the Prior Bonds. Upon such irrevocable deposit, the Prior Bonds will be deemed paid and no longer outstanding.

The Prior Bonds and refunding details are identified in the following table.

Prior Bonds
Davis Joint Unified School District Community Facilities District No. 2

<u>Series</u>	<u>Maturities To Be Refunded</u>	<u>Principal Amount To Be Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price*</u>	<u>Type of Refunding</u>
Series 2004Bonds	August 15, 2016 - 2029	\$7,380,000	June 19, 2015	101%	Current

*Plus accrued interest.

Sources and Uses of Funds

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

Sources and Uses of Funds
2015 Special Tax Refunding Bonds

SOURCES OF FUNDS

Par Amount of Refunding Bonds
Original Issue [Premium / Discount]

TOTAL SOURCES OF FUNDS

USES OF FUNDS

2004 Escrow Fund
Costs of Issuance Fund¹
Underwriter's Discount

TOTAL USES OF FUNDS

¹The Costs of Issuance Fund will be used to pay costs of issuance of the Refunding Bonds including fees and expenses of Bond Counsel, the Financial Advisor, the Paying Agent, the Escrow Agent, the ratings fees and other expenses related to the issuance of the Refunding Bonds.

Debt Service Schedules

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

Debt Service Schedule 2015 Special Tax Refunding Bonds

<u>Date</u>	<u>Principal Amount*</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
August 15, 2015				
February 15, 2016				
August 15, 2016				
February 15, 2017				
August 15, 2017				
February 15, 2018				
August 15, 2018				
February 15, 2019				
August 15, 2019				
February 15, 2020				
August 15, 2020				
February 15, 2021				
August 15, 2021				
February 15, 2022				
August 15, 2022				
February 15, 2023				
August 15, 2023				
February 15, 2024				
August 15, 2024				
February 15, 2025				
August 15, 2025				
February 15, 2026				
August 15, 2026				
February 15, 2027				
August 15, 2027				
February 15, 2028				
August 15, 2028				
February 15, 2029				
August 15, 2029				

* Preliminary; subject to adjustment.

Upon issuance of the Refunding Bonds, scheduled debt service (without regard to optional redemption) on the District’s Bonds will be as shown in the table below.

Debt Service Schedule
Davis Joint Unified School District Community Facilities District No. 2
Special Tax Bonds

Bond Year Ending August 15	Series 2004 Bonds ¹	Series 2012 Bonds	2015 Special Tax Refunding Bonds	Total Debt Service
2015	\$165,181	\$1,180,000		\$
2016	--	1,195,000		
2017	--	1,235,000		
2018	--	1,275,000		
2019	--	1,305,000		
2020	--	1,345,000		
2021	--	1,255,000		
2022	--	1,250,000		
2023	--	1,025,000		
2024	--	950,000		
2025	--	760,000		
2026	--	780,000		
2027	--	810,000		
2028	--	520,000		
2029	--	--		

¹After defeasance of Prior Bonds.

SECURITY AND SOURCE OF PAYMENT

Introduction

The Refunding Bonds are special tax obligations of the District, and the principal of and interest on and redemption premium, if any, on the Refunding Bonds, and all Bonds, are payable solely from the proceeds of the Special Tax and proceeds of the Bonds, including amounts in the Bond Reserve Account, the Redemption Account, and any investment income on funds held pursuant to the Resolutions (other than as necessary to be rebated to the United States of America). The general fund of the School District is not liable and the full faith and credit of the School District is not pledged for the payment of the Refunding Bonds, and no tax or assessment other than the Special Tax will ever be levied or collected to pay the principal of or interest on or redemption premium, if any, on the Refunding Bonds. The Refunding Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the School District except the moneys held within the Special Tax Fund established under the Resolutions.

The School District has covenanted in the Resolutions, so long as any Bonds are outstanding, to annually levy the Special Tax against all Taxable Property in the District in an amount required for compliance with the agreements, conditions, covenants, and terms contained in the Resolutions, and which in any event will be sufficient to pay the principal of and interest on and redemption premiums, if any, on the Bonds as they become due and payable, to replenish the Reserve Account to the Required Bond Reserve and to pay all expenses of the District, in accordance with the Resolutions.

Pursuant to the Resolutions, all proceeds of the annual Special Tax are to be deposited in the Special Tax Fund established by the Resolutions, and first applied to pay debt service payments on all outstanding Bonds, to replenish the Bond Reserve Account to the Required Bond Reserve and to pay current expenses. See “—Deposit of Proceeds of the Special Tax” herein.

Neither the full faith and credit nor the general taxing power of the District, the School District, the County, the State, or any political subdivision thereof is pledged to the payment of the Refunding Bonds. The Refunding Bonds are not general obligations of the School District but are limited obligations of the School District payable solely from the proceeds of the Special Tax and other sources described in the Resolutions.

The Special Tax

In accordance with the provisions of the Law, the Board formed the District for the purpose of providing for the financing of certain school facilities in and for the District. At an election held on May 24, 1990, the land owners voting within the District authorized the issuance of \$70,000,000 aggregate principal amount of special tax bonds and the annual levy and collection of the Special Tax to be used for the purposes, among others, of paying the principal of and interest on and redemption premium, if any, upon the Bonds and to accumulate funds to pay future debt service on the Bonds.

The Special Tax is levied and collected according to the rate and method of apportionment set forth in the formula (the “Special Tax Formula”) summarized in “APPENDIX B—SPECIAL TAX FORMULA.” The Special Tax rate for a given parcel is dependent upon the classification of property, the date upon which the parcel obtained such classification of property, and the square footage of the buildings on the property. The Special Tax is levied on any property for a maximum of 30 years.

The Special Tax Formula establishes the maximum rates that may be levied against Taxable Property beginning in fiscal year 1991-92, subject to an increase (the “Escalation Rate”) not-to-exceed 4.63 percent each year. At the beginning of each fiscal year, the District causes each parcel in the District to be classified as Residential Property, Commercial Property, Industrial Property, or Tax-Exempt Property. Each fiscal year, the Board establishes the Escalation Rate that is applied to the prior fiscal year’s Special Tax rates to determine the current fiscal year’s Special Tax Rates. The current year’s Special Tax rates are applied to properties first becoming subject to the Special Tax during such fiscal year. Once established for a parcel, the Special Tax rate does not change unless the classification of the parcel changes, or unless 30 years have elapsed since the parcel was first subject to the Special Tax, in which case no Special Tax is levied. Parcels changing classification after assignment of the Special Tax pay the highest potential special tax. As a consequence of the Special Tax Formula, parcels first becoming subject to the Special Tax in later fiscal year will have higher Special Tax rates than similarly classified parcels first subject to the Special Tax in earlier fiscal years.

The following table identifies the Special Tax rates for fiscal year 1990-91 as well as the current fiscal year.

Special Tax Rates
Davis Joint Unified School District Community Facilities District No. 2

<u>Classification of Property</u>	<u>Fiscal Year 1990-91</u>	<u>Fiscal Year 2014-15</u>
Residential Property (per square foot of Assessable Space)	\$ 0.2000	\$0.5926
Commercial Property (per square foot of Chargeable Covered and Enclosed Space)	0.0300	0.0888
Industrial Property (per square foot of Chargeable Covered and Enclosed Space)	0.0300	0.0888

The Board has levied the Special Tax using the maximum Escalation Rate each fiscal year.

Certain properties are exempt from the Special Tax, including (i) governmental property, (ii) undeveloped property, and (iii) low income housing for which the property owner has applied and qualified for an annual exemption. See the rates and method of apportionment summarized in “APPENDIX B—SPECIAL TAX FORMULA” attached hereto.

Pursuant to the Law, properties or entities of State, federal, or other local governments are exempt from the Special Tax, except that any property not otherwise exempt acquired by a public entity through a negotiated transaction, or by gift or demise, remains subject to the Special Tax. In addition, the Law provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The Law further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration of apportionment of an existing tax under the Law. The Law prohibits the Board from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the

Special Tax unless the Board determines that the reduction or termination of the Special Tax “would not interfere with the timely retirement” of the Bonds.

Although the Special Tax constitutes a lien on the Taxable Property subject to the Special Tax within the District, the Special Tax does not constitute a personal indebtedness of the owners of property within the District. The School District can make no assurances that the owners of the properties subject to the Special Tax will be able to pay the Special Tax on an annual basis. See “SPECIAL RISK FACTORS” herein.

The Special Tax is payable and collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and has the same lien priority, becomes delinquent at the same time and bears the same proportionate penalties and interest after delinquency as do the general and *ad valorem* taxes on real property. In the event of any delinquency in the payment of the Special Tax, the School District may order the institution of a superior court action to foreclose the lien therefor within specified time limits.

All proceeds of the Special Tax are deposited in the funds and accounts of the District held by the Treasurer. Moneys in the Special Tax Fund will be held by the Treasurer pending disbursement for the benefit of the School District and the Beneficial Owners of the Refunding Bonds, and pending disbursement, will be subject to a lien in favor of the Beneficial Owners of the Refunding Bonds.

The Treasurer annually effects the levy of the Special Tax in accordance with a resolution adopted by the Board providing for the levy of the Special Tax. Upon completion of the computation of the amounts of the levy, the Treasurer includes the levy of the Special Tax on the next real property tax roll. The Special Tax does not exceed the authorized amounts as provided in the Resolutions and in any event is levied in accordance with the applicable rate and method of apportionment of the Special Tax for the District. A copy of the resolution of the School District listing the Special Tax to be collected on the fiscal year 2014-15 Tax Roll for the District is on file with the School District and available for public inspection during normal business hours.

Deposit of Proceeds of the Special Tax

All proceeds of the Special Tax are to be deposited in the Special Tax Fund of the District. All moneys in the Special Tax Fund will be set aside by the Treasurer in the following respective special accounts within the Special Tax Fund in the following order of priority:

1. *Redemption Account.* On or before the 10th day of each February and August from the money in the Special Tax Fund, the Treasurer is to deposit in the Redemption Account an amount of money equal to the aggregate amount of interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date, and then deposit an amount equal to one-half of the aggregate amount of principal becoming due and payable on the next succeeding maturity date, and deposit in the Sinking Fund Account, one half of the aggregate of the Minimum Sinking Fund Account Payments required by the Resolutions on the next succeeding sinking fund payment date. However, no deposit will be made in the Redemption Account if the amount of money contained therein is at least equal to the amount required to be deposited by the Resolutions.
2. *Bond Reserve Account.* On or before the 10th day of each February and August, the Treasurer will, from the then remaining money in the Special Tax Fund, deposit in the Bond Reserve Account such amount of money as will be required to restore the Bond Reserve Account to a sum equal to the “Required Bond Reserve”, the lesser of (i) 10 percent of all Bonds issued, (ii) the lesser of maximum annual debt service or 125 percent of average annual debt service on the Bonds or (iii) the amount permitted to be held in the Bond Reserve Account by the arbitrage bond regulations issued by the United States Department of the Treasury under Section 148 (d) of the Code as such regulations are, at the time, applicable and in effect. However, no deposit will be made into the Bond Reserve Account if the amount of money contained therein is at least equal to the Required Bond Reserve.
3. *Community Facilities District Account.* On or before the 10th day of each February and August, after making the deposits to the Redemption Account and Bond Reserve Account, the Treasurer will deposit in the Community Facilities District Account the sum of \$20,000 or such lesser amount as required by the School District, to be used by the School District for the payment of expenses or otherwise for the benefit of the District.

All unallocated money remaining in the Special Tax Fund on October 1 of each year, after such allocation into the respective special accounts as stated above, will be withdrawn from the Special Tax Fund by the Treasurer and transferred to the School

District and expended by it for the payment of costs of, the acquisition and construction of the facilities authorized by the election held in the District on May 24, 1990, all in accordance with the Law and the Resolutions.

Alternative Method of Tax Apportionment

The Board of Supervisors of the County has approved implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") pursuant to sections 4701 through 4717 of the State's Revenue & Taxation Code. The Teeter Plan guarantees distribution of 100 percent of the general and special assessments levied to the taxing entities within the respective county, including the special assessments levied on behalf of the District, with the respective county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections.

The county cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the county's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt. The County funds its Tax Loss Reserve Fund in the amount of 25 percent of the County's aggregate delinquencies held at June 30 of the preceding year.

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 procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds three percent of the total of all taxes and assessments levied on the secured rolls in that agency.

As long as the Teeter Plan remains in effect in the County, the District will be credited with the full amount of the Special Tax levy no matter the delinquency rate within the District.

Bond Reserve Account

The Resolution provides that the Bond Reserve Account must be maintained for the Bonds in an amount equal to the Required Bond Reserve. All money in the Bond Reserve Account shall be used and withdrawn by the Treasurer solely for (i) transfer to the Redemption Account for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event there would otherwise be insufficient money in the Redemption Account available for such purpose, and (ii) together with other funds set aside for such purpose, to redeem all outstanding Bonds. Should the amount of money in the Bond Reserve Account exceed the Required Bond Reserve, the Treasurer shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Redemption Account of the Special Tax Fund.

Foreclosure Proceedings

The School District reviews the Treasurer's public records each year by June 30 to determine the amount of the special tax received during that fiscal year. Should the amount collected be less than 95 percent of the amount of the special tax levy in such fiscal year, the School District must institute foreclosure proceedings not later than the next subsequent October 31 to enforce the lien against delinquent installments. The School District is also obligated to institute foreclosure proceedings in the case of any single property owner who is delinquent by more than \$25,000.

No property owner is currently delinquent in such amount, and there is no requirement to commence foreclosure proceedings at this time.

Parity Bonds

The Refunding Bonds are the seventh of a series of bonds issued on behalf of the District. Pursuant to the Law and under the authority of the Resolutions, additional series of bonds may be issued in the future in an amount up to the maximum aggregate principal amount authorized by the voters. Any Parity bonds issued by the District will be secured by a pledge of the proceeds of the Special Tax and certain amounts on deposit under the Resolutions. See “ISSUANCE OF ADDITIONAL INDEBTEDNESS” herein.

The provisions, covenants and agreements set forth in any supplemental resolution providing for the issuance of an additional series of bonds will be for the equal benefit, protection and security of the Beneficial Owners of the Bonds. The Parity Bonds and the Bonds, without regard to the time or times of their issuance or maturity, will be of equal rank without preference, priority or distinction of any of the special tax bonds issued by the District over any other special tax bonds thereof, except as expressly provided in or permitted by the Resolutions.

Investment of Funds

Upon collection by the School District, proceeds of the Special Tax are deposited with the Treasurer and are held in the Special Tax Fund. The Treasurer is required to invest amounts held in the Special Tax Fund in Legal Investments (as defined in the Resolutions) maturing not later than the date on which it is estimated that such money will be required to be paid out under the Resolutions. All money in the Special Tax Fund must be accounted for separately from all other funds of the School District. Pursuant to the Resolutions, however, the Treasurer is not precluded from commingling for investment purposes funds of the District with each other, with funds of the School District, and with other funds held in a common investment pool by the Treasurer for other local agencies. See “SECURITY AND SOURCE OF PAYMENT—County Pooled Investment Fund” herein.

The School District is required to maintain the Required Bond Reserve in the Bond Reserve Account at all times while any of the Bonds are outstanding. The School District may direct the Treasurer to invest the funds held in the Bond Reserve Account with the Local Agency Investment Fund, or “LAIF”, a special fund in the State Treasury created by law. The law permits a local government official, with consent of the governing body of that agency, to remit money in its treasury not required for immediate need to the State Treasurer for deposit in this special fund for the purpose of investment. The local government unit determines the length of time its money will be on deposit with the State Treasurer.

County Pooled Investment Fund

This section provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. This information has been approved by the County for inclusion in this Official Statement. The School District makes no representation as to the accuracy or completeness of such information. Further information may be obtained by contacting the County of Yolo, Office of the Treasurer-Tax Collector, 625 Court Street, Room 102, Woodland, California 95695, telephone (530) 666-8625.

State law establishes that the treasurer of each county is *ex officio* treasurer of all educational agencies within its jurisdiction. Although separately accounted for, substantially all of the District and School District’s funds, including the Special Tax Fund and Bond Reserve Account, are held and invested on a pooled basis with other funds held by the Treasurer in the County's pooled investment fund (the “County Pool”). The County Pool participants primarily include school districts, special districts, and the County (for both its enterprise funds and general County operating funds). Funds held by the County in the County Pool are invested in accordance with the County's investment policy, as authorized by section 53601 of the State Government Code.

The County's investment policy is reviewed by the County Board of Supervisors annually. A County Treasury Oversight Committee (which includes, among others, a representative of the Yolo County School Superintendent and a representative of the area school districts) monitors the performance of the County Pool quarterly. The policy statement sets forth the County’s investment objectives, which are, in priority order, safety of principal, liquidity, and return on investment.

The portfolio structure of the County Pool as of as of December 31, 2014 is set forth in the following table:

**Yolo County Pooled Investment Fund
As of December 31, 2014**

	<u>Market Value</u>
Securities Held by PFM Asset Management LLC	
Treasury Pool	
US Treasury Bond/Note	\$ 64,343,578
Municipal Bond/Note	1,601,823
Federal Agency Bond/Note	43,252,418
Corporate Note	47,599,209
Commercial Paper	27,239,233
Certificate of Deposit	40,884,557
Asset-Backed Security/Collateralized	1,754,186
Accrued Interest	<u>437,506</u>
Total Treasury Pool	\$227,012,510
Landfill Closure Trust Fund	\$13,513,906
Davis JUSD CFD#1	11,255,402
Cache Creek	1,390,836
Demetre Fund	2,040,260
Total Securities Held by PFM	\$255,275,140
California Asset Management Program	\$173,269,732
Local Agency Investment Fund (LAIF)	65,595,390
Checking Account	10,949,316
Total Pooled Portfolio	\$505,089,578

Source: Office of Auditor-Controller/Treasurer-Tax Collector of Yolo County.

THE DISTRICT

General Description

The District consists of a number of non-contiguous properties within the boundaries of the School District, located in the south-central region of the County approximately 15 miles west of Sacramento and 75 miles northeast of San Francisco. The boundaries of the District are within the City of Davis and some of the unincorporated areas of the County.

The District was formed in 1990 in order to finance:

- The repair, rehabilitation, modification and expansion of existing elementary and secondary school facilities;
- The acquisition of sites and the construction of elementary and secondary school facilities with related appurtenances and support structures;
- The acquisition of sites and the construction of non-school facilities to support School District operations; and
- The acquisition of related equipment and furnishings.

Annexation of Additional Properties

Portions of land located within the School District have been annexed into the District periodically since the initial formation of the District. Most recently, a special election was held on November 29, 2011, at which the qualified electors of the annexed territory (with the exception of exempt property) unanimously approved the annexation of such territory into the District, the seventh territory annexation to the District. See “APPENDIX A—LOCATION MAPS FOR THE DISTRICT / SCHOOL DISTRICT” attached hereto. [MORE TO COME]

Historical Development and Special Tax Levies

The School District, with the assistance of SCI Consulting Group, Fairfield, California, special tax consultant to the School District, has prepared a special tax report for fiscal year 2014-15 (the “Tax Report”) which sets forth summary information on the levy of the Special Tax and Taxable Property within the District for fiscal year 2014-15. Pursuant to a resolution adopted by the Board, the Board approved the Tax Report and authorized the Superintendent of the School District and his designees to make changes to the Tax Report in response to appeals from taxpayers or otherwise to correct errors in the application of the Special Tax to particular parcels.

A copy of the Tax Report approved by the Board, as modified by the Superintendent of the School District or his designees, is on file with the School District and available for public inspection during normal business hours at the Office of the Associate Superintendent, Business Services, Davis Joint Unified School District, at the address and telephone number set forth on page “iv” of this Official Statement, or by contacting the District’s Financial Advisor. The conclusions reached in the Tax Report are subject to certain assumptions and qualifications which are set forth in the Tax Report. The information contained herein is a summary only of certain information contained in the Tax Report, and such information is qualified in its entirety by the Tax Report.

The table below illustrates the total parcels within the District, the number of parcels that are developed, including nontaxable and tax-exempt properties parcels, and the Special Tax levy for the past ten years.

**Summary of Development and Special Tax Levies by Year
Davis Joint Unified School District Community Facilities District No. 2**

<u>Fiscal Year</u>	<u>Total Parcels</u>	<u>Developed Parcels</u>	<u>Tax Rate Per Residential Square Foot</u>	<u>Tax Rate Per Commercial / Industrial Square Foot</u>	<u>Total Tax Levies</u>	<u>Change in Tax Levies</u>
1995-96	1,804	1,209	\$0.2507	\$0.0376	\$666,967.78	--
1996-97	2,109	1,652	0.2624	0.0393	773,079.16	15.9%
1997-98	2,484	1,733	0.2745	0.0411	959,840.20	24.2
1998-99	3,099	2,227	0.2872	0.0430	1,290,691.84	34.5
1999-00	3,555	2,809	0.3005	0.0450	1,782,931.92	38.1
2000-01	3,983	3,194	0.3144	0.0471	2,270,354.31	27.3
2001-02	3,986	3,525	0.3290	0.0493	2,686,670.22	18.3
2002-03	4,033	3,617	0.3442	0.0516	2,724,162.86	1.4
2003-04	4,034	3,668	0.3601	0.0540	2,788,160.80	2.3
2004-05	4,081	3,716	0.3768	0.0565	2,828,116.36	1.4
2005-06	4,122	3,783	0.3943	0.0592	2,885,286.60	2.0
2006-07	4,136	3,809	0.4126	0.0619	2,966,191.32	2.8
2007-08	4,216	3,903	0.4317	0.0648	2,974,133.58	0.3
2008-09	4,209	3,908	0.4517	0.0678	2,998,052.82	0.8
2009-10	4,213	3,914	0.4726	0.0709	3,004,949.50	0.2
2010-11	4,205	3,917	0.4945	0.0742	2,960,764.86	-1.5
2011-12	4,348	3,943	0.5174	0.0776	2,990,959.06	1.0
2012-13	4,378	3,999	0.5413	0.0812	3,054,086.48	2.1
2013-14	4,379	4,064	0.5664	0.0849	3,117,861.48	2.1
2014-15	4,388	4,089	0.5926	0.0888	3,149,588.55	1.0

Source: SCI Consulting Group.

The decrease in Special Tax in fiscal year 2010-11 was due to 25 additional parcels applying for and receiving a low-income housing exemption. Of that number, 24 belonged to a single apartment managing company, which had neglected to file for these pre-existing qualifying parcels in previous years. In order for a parcel to be eligible for a low-income housing exemption, the property owner must file the required application and supporting documents between May 15 and June 15 annually. The failure of property owners to file for tax exemptions in a timely manner may result in slight fluctuations in the total exemptions in the District annually.

Coverage Ratios

The following table illustrates actual and projected the debt service coverage ratios of the Bonds, including the Refunding Bonds, based on Special Tax revenue projected on current land uses. See “THE DISTRICT—Annexation of Additional Properties” herein.

**Actual and Projected Debt Service Coverage Ratios
2015 Special Tax Refunding Bonds¹**

Bond Year Ending August 15	CFD #2 Expenditures			Tax Levy Coverage		Tax and Reserve Coverage		
	Total Debt Service Principal	Interest	Admin. Expenses	Total Expenditures	Tax Revenue	Coverage Ratio	Required Bond Reserve Balance	Coverage With Reserve
2006	\$1,025,000	\$1,529,863	\$40,000	\$2,594,863	\$2,884,635	111.2%	\$2,565,204	210.1%
2007	1,060,000	1,492,668	40,000	2,592,668	2,966,191	114.4	2,567,310	213.4
2008	1,105,000	1,453,340	3,896	2,562,236	2,999,052	117.0	2,567,310	217.2
2009	1,155,000	1,411,378	3,907	2,570,285	2,999,052	116.7	2,567,310	216.6
2010	1,200,000	1,366,580	3,905	2,570,485	3,004,949	116.9	2,567,310	216.8
2011	1,230,000	1,319,530	3,889	2,553,419	2,965,692	116.1	2,567,310	216.7
2012	1,565,000	934,373	20,000	2,519,373	2,998,173	119.0	2,535,931	220.7
2013	1,480,000	846,558	40,000	2,366,558	3,059,663	129.3	2,478,000	228.4
2014	1,535,000	811,558	40,000	2,386,558	3,118,987	130.7	2,322,500	225.6
2015	1,630,000	669,559	40,000	2,339,559	3,149,589	134.6	2,163,000	224.7
2016 ¹	1,595,000	686,920	40,000	2,321,920	3,149,589	135.6	2,000,000	219.6
2017 ¹	1,640,000	643,070	40,000	2,323,070	3,149,589	135.6	1,831,500	212.4
2018 ¹	1,690,000	597,920	40,000	2,327,920	3,149,589	135.3	1,658,000	204.6
2019 ¹	1,730,000	551,370	40,000	2,321,370	3,149,589	135.7	1,479,000	197.6
2020 ¹	1,785,000	499,470	40,000	2,324,470	3,149,589	135.5	1,293,000	189.6
2021 ¹	1,705,000	445,920	40,000	2,190,920	3,099,727	141.5	1,114,500	190.9
2022 ¹	1,710,000	394,770	40,000	2,144,770	2,911,895	135.8	934,000	178.1
2023 ¹	1,510,000	338,870	40,000	1,888,870	2,733,416	144.7	774,500	184.5
2024 ¹	1,450,000	288,720	40,000	1,778,720	2,568,817	144.4	620,000	178.2
2025 ¹	1,280,000	240,220	40,000	1,560,220	2,482,621	159.1	483,000	189.1
2026 ¹	1,325,000	189,900	40,000	1,554,900	2,376,509	152.8	340,000	174.1
2027 ¹	1,385,000	137,300	40,000	1,562,300	2,189,748	140.2	190,000	152.1
2028 ¹	1,120,000	80,200	40,000	1,240,200	1,858,897	149.9	68,500	155.4
2029 ¹	640,000	32,000	40,000	712,000	1,278,163	179.5	0	179.5

*Preliminary; subject to adjustment.

¹Projected.

Note: Data is actual for fiscal year 2014-15. Tax revenue assumes no additional growth in the tax base. The Special Tax was first levied in fiscal year 1991-92. The Special Tax is levied on each property for a maximum of 30 years. Therefore, revenue from the Special Tax begins to decline in fiscal year 2021-22. Excess Special Tax collections are transferred to the School District for the acquisition and construction of school facilities.

Special Tax Delinquencies

The following table lists historical delinquency rates for the previous five years regarding the levy of the Special Tax.

**Historical Delinquency
Davis Joint Unified School District Community Facilities District No. 2**

Fiscal Year Ended <u>June 30</u>	Total Special Taxes <u>Levied</u>	Total Special Taxes <u>Delinquent</u> ¹	Percent of Special Taxes <u>Delinquent</u>
2010	\$3,004,949.50	\$24,343.01	0.81%
2011	2,960,764.89	14,543.93	0.49
2012	2,960,764.89	14,543.93	0.49
2013	3,054,086.48	11,688.43	0.38
2014	3,117,861.48	9,428.15	0.30

¹As of June 30. Because the County has implemented the Teeter Plan, delinquency to the School District is effectively 0 percent.
Source: SCI Consulting Group.

Special Tax Detail By Property Type

The following table summarizes the Special Tax Levies in fiscal year 2014-15 by property type, including nontaxable and tax-exempt properties parcels.

**Summary of Special Tax Levies by Property Type
Davis Joint Unified School District Community Facilities District No. 2**

<u>Property Type</u>	<u>Developed Parcels</u> ¹	<u>Residential Square Feet</u>	<u>Commercial / Industrial Square Feet</u>	<u>Special Tax Levy</u>
Single Family Residential	3,833	8,556,479	0	\$2,558,395
Multi-Family Residential (2-4 units)	11	26,783	0	9,426
Multi Family Residential (5+ units)	26	2,269,455	0	458,445
Condominium	167	183,071	0	60,052
Mobile Home, separate parcel	0	0	0	0
Commercial/industrial	21	0	712,004	42,390
Office	13	0	315,723	17,591
Vacant, mapped	3	110,586	0	3,289
Other, parcel that is not in other class	0	0	0	0
Parking lot/ self storage	0	0	0	0
Agriculture	0	0	0	0
Golf course	0	0	0	0
Mobile Home Park	0	0	0	0
Not Taxable	<u>15</u>	<u>13,510</u>	<u>12,188</u>	<u>0</u>
TOTALS	4,089	11,159,884	1,039,915	\$3,149,588

¹Including properties exempt from the Special Tax.
Source: SCI Consulting Group.

Historical Development Detail

The following table lists developed residential and commercial parcels and square footage by year, including nontaxable and tax-exempt properties.

Development Detail by Year
Davis Joint Unified School District Community Facilities District No. 2

<u>Fiscal Year</u>	<u>Developed Residential Parcels¹</u>	<u>Developed Commercial Parcels¹</u>	<u>Developed Residential Square Feet¹</u>	<u>Developed Commercial / Industrial Square Feet¹</u>	<u>Change in Residential Square Feet</u>	<u>Change in Commercial / Industrial Square Feet</u>
2002-03	3,600	17	9,957,915	561,557	--	--
2003-04	3,650	18	10,127,424	566,552	1.70%	0.89%
2004-05	3,698	18	10,252,905	566,552	1.24	0.00
2005-06	3,760	23	10,389,294	601,677	1.33	6.20
2006-07	3,781	28	10,624,802	746,654	2.27	24.10
2007-08	3,868	35	10,662,367	860,036	0.35	15.19
2008-09	3,876	32	10,686,968	993,527	0.23	15.52
2009-10	3,881	33	10,701,561	993,527	0.14	0.00
2010-11	3,885	32	10,714,753	998,722	0.12	0.52
2011-12	3,911	32	10,782,698	998,722	0.63	0.00
2012-13	3,967	32	10,899,342	998,722	1.08	0.00
2013-14	4,064	34	11,110,447	1,042,277	1.93	4.36
2014-15	4,089	35	11,159,884	1,039,915	0.44	-0.22

¹Including properties exempt from the Special Tax.

Source: SCI Consulting Group.

Major Taxpayers

The following table lists, in descending order, the taxpayers with the largest apportionments of the Special Tax levy for fiscal year 2014-15 and their respective apportionments.

Major Taxpayers
Davis Joint Unified School District Community Facilities District No. 2

	<u>Name</u>	<u>Number of Parcels</u>	<u>Total Special Tax</u>	<u>Percentage of Special Tax</u>	<u>Total Assessed Value</u>
1	University Retirement Community at Davis, Inc.	1	\$110,461.30	3.5%	
2	Fine Arts LP	1	59,113.16	1.9%	
3	Walnut Park Apartments	1	46,964.54	1.5%	
4	SE-Davis LLC	1	37,635.36	1.2%	
5	Saratoga West, LP	1	34,728.18	1.1%	
6	Menlo Ranger LLC, et al	1	31,248.42	1.0%	
7	Glacier Point Association LP	1	25,014.08	0.8%	
8	Bridge-Oakshade LP	1	23,989.36	0.8%	
9	Wildhorse Family Apartments, LP	1	21,528.84	0.7%	
10	Oakshade Avalon, Inc	1	20,283.20	0.6%	
11	Verona-Davis LLC	16	12,995.84	0.4%	
12	Buzz Oates LLC, et al	4	11,519.24	0.4%	
13	Target Corporation	1	9,411.68	0.3%	
14	Mace Ranch Industrial Park, LLC	2	7,042.66	0.2%	
15	JJD Davis Asset Interests, LLC	<u>1</u>	<u>4,757.86</u>	<u>0.2%</u>	
	Total	34	\$456,693.72	14.5%	

Source: SCI Consulting Group.

The Special Tax for the University Retirement Community at Davis Inc., a non-profit continuing care retirement community in the City of Davis, was first levied in 2000. The Special Tax for the Fine Arts Limited Partnership, an apartment operator in the City of Davis, was first levied in 2000.

Historical Assessed Valuation

The following table shows historical total assessed valuation (including homeowners' exemption) of Taxable Property within the District. This information has been included for general area information purposes only; the Special Tax is levied by square footage of Taxable Property and is not dependent on assessed value.

Historical Total Assessed Valuation of Taxable Property
Davis Joint Unified School District Community Facilities District No. 2

<u>Fiscal Year</u>	<u>Total Assessed Values of Taxed Parcels</u>	<u>Annual Change</u>
2006-07	\$1,850,078,669	--
2007-08	1,959,253,174	5.90%
2008-09	2,014,143,146	2.80
2009-10	2,010,814,503	-0.17
2010-11	1,973,181,046	-1.87
2011-12	2,066,464,137	4.73
2012-13		
2013-14		
2014-15		

Source: SCI Consulting Inc.

Tax Rates

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

The following table shows *ad valorem* property tax rates for the last five years in a typical tax rate area of the District (TRA 1-030). TRA 1-030 comprises approximately ___ percent of the total assessed value of taxable property in the District, the largest TRA within the District.

Typical Total Tax Rates for TRA 1-030
Davis Joint Unified School District Community Facilities District No. 2

	<u>2014-15</u>
General Tax Rate	1.000000%
Davis Joint Unified School District	
Los Rios Community College District	
Total	

Source: California Municipal Statistics, Inc.

Property owners within the District are subject to other special taxes and assessments levied by other taxing authorities that provide services within the District. Such non-*ad valorem* special taxes and assessments are not represented in this table. See "THE DISTRICT – Tax Burden on Single-Family Home" herein.

Direct and Overlapping Bonded Debt

The statement of direct and overlapping bonded debt relating to the District was prepared by California Municipal Statistics, Inc. It has been included for general information purposes only. The School District has not reviewed the statement for completeness or accuracy and makes no representations in connection with the statement.

Contained within the District's boundaries are numerous overlapping local entities providing public services. These local entities may have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. The first column in the table below names the public agencies that have outstanding debt as of the date of the report and whose boundaries overlap the District. The second column in the table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The third column shows the corresponding portion of each overlapping entity's existing debt allocable to property within the District. The total amount of debt for each overlapping entity is not shown in the table.

In addition, property owners within the District may be subject to other special taxes and assessments levied by other taxing authorities that provide services within the District. Such non-*ad valorem* special taxes and assessments are not represented in this statement of direct and overlapping bonded debt. See "THE DISTRICT—Tax Burden on Single-Family Home" herein.

**Statement of Direct and Overlapping Bonded Debt (As of April 1, 2015)
Davis Joint Unified School District Community Facilities District No. 2**

2014-15 Net Assessed Valuation: \$_____ (Total net of all exemptions except homeowners' exemption)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Percent Applicable</u>	<u>Debt 4/1/15</u>
Los Rios Community College District		
Davis Joint Unified School District		
Davis Joint Unified School District Community Facilities District No. 1		
Davis Joint Unified School District Community Facilities District No. 2		
City of Davis Community Facilities Districts		
Yolo County Library Community Facilities District No. 1989-1		
Yolo County North Davis Meadows Assessment District		
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$

<u>OVERLAPPING GENERAL FUND DEBT:</u>	<u>Percent Applicable²</u>	<u>Debt 4/1/15</u>
Yolo County Certificates of Participation		
Yolo County Board of Education Certificates of Participation		
Los Rios Community College District Certificates of Participation		
Davis Joint Unified School District Certificates of Participation		
City of Davis Certificates of Participation		
TOTAL OVERLAPPING GENERAL FUND DEBT		

COMBINED TOTAL DEBT **\$**

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$_____)	%
Total Direct and Overlapping Tax and Assessment Debt	%
Combined Total Debt	%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

Tax Burden on Single-Family Home

The base property tax rate on property in the District is 1.00 percent; the levy of special *ad valorem* property taxes in excess of the one percent levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness. Additionally, property in the District is also subject to certain annual charges and assessments. The following table sets forth a sample the tax bill of a single-family home in the District with an assessed value of \$____ from TRA 1-030 for fiscal year 2014-15, and is representative of the applicable annual charges and assessments in the District.

Tax Burden on Single-Family Home
Davis Joint Unified School District Community Facilities District No. 2

	<u>Rate as Percentage of Assessed Value</u>	<u>Total Taxes</u>
<u>AD VALOREM PROPERTY TAXES</u>		
General Tax		
Davis JUSD 2000 Bonds		
Los Rios CCD 2002 Bonds		
TOTAL AD VALOREM TAXES		
<u>ASSESSMENT, SPECIAL TAXES AND CHARGES</u>		
Davis JUSD Assessment		
Davis JUSD Assessment 2009 Measure W		
Davis JUSD Assessment Measure A		
Davis Landscape/Lighting		
Davis City CFD#1		
Mace Ranch CFD		
Davis Open Prop		
Davis Spec Library Tax		
Davis JUSD CFD#1		
Davis JUSD CFD#2		
TOTAL ASSESSMENT, SPECIAL TAXES AND CHARGES		
TOTAL TAX BURDEN		

Source: Office of Auditor-Controller, Treasurer-Tax Collector of Yolo County.

Value-to-Lien

The following table sets forth the distribution of assessed value-to-Bonds lien ratios among parcels of properties subject to the Special Tax levy, based on fiscal year 2014-15 total assessed values (including exemptions) and the outstanding Bonds, including the Refunding Bonds.

**Value-to-Lien of Special Tax Bonds Distribution
Davis Joint Unified School District Community Facilities District No. 2**

<u>Assessed Value to Lien Ratio</u>	<u>Parcel Count</u>	<u>Total Assessed Value</u>	<u>Percent of Assessed Value</u>	<u>CFD #2 Lien</u>	<u>Percent of CFD#2 Lien</u>	<u>Special Tax Levy</u>	<u>Percent of Levy</u>
Less than 1.0							
1.1 to 3.0							
3.01 to 5.0							
5.01 to 10.0							
10.01 to 20.0							
Over 20.01							
Total							

Note: Subject to change based on final par of the Refunding Bonds.

The following table shows assessed value-to-Special Tax Bonds-lien by property type, including the Refunding Bonds.

**Value-to-Lien of Special Tax Bonds by Property Type
Davis Joint Unified School District Community Facilities District No. 2**

<u>Type</u>	<u>Parcels</u>	<u>Total Assessed Value</u>	<u>Special Tax</u>	<u>CFD #2 Lien</u>	<u>Value to Lien</u>
Single-Family Residential					
Multi-Family Residential (2-4 units)					
Condos					
Commercial/Industrial					
Office					
Vacant					
Government/Other					
Multi-Family Residential (+5 units)					
Agricultural					
Total					

Note: Subject to change based on final par of the Refunding Bonds.

Not included in the previous tables are 41 parcels that are exempt from the Special Tax: 28 parcels qualify for low-income exemption and 13 parcels are non-taxable properties.

[The aggregate value-to-total lien ratio of Taxable Property in the District, based on fiscal year 2014-15 assessed values of Taxable Property (\$___) and the total direct and overlapping tax and assessment debt (\$___) is ___:1, with the issuance of the Refunding Bonds.] See “THE DISTRICT—Direct and Overlapping Bonded Debt” herein.

ISSUANCE OF ADDITIONAL INDEBTEDNESS

In accordance with the Law and the Resolutions, additional bonds on a parity with the existing Bonds in an aggregate principal amount of up to the amount authorized of \$70,000,000 may be issued to provide additional funds to pay costs of the acquisition and construction of the Facilities. In order to provide additional funds necessary for the acquisition and construction of certain of the Facilities, it is anticipated that such Parity Bonds will be issued. The School District has agreed not to issue Parity Bonds payable from the Special Tax on a parity with the outstanding Bonds unless all of the following conditions are satisfied:

1. The issuance is authorized under and pursuant to the Law and the Resolutions, and is provided for by a supplemental resolution in a form in accordance with the Resolutions;
2. The School District is in compliance with all agreements, conditions, covenants and terms contained in the Resolutions and in all Supplemental Resolutions required to be observed or performed by it; and
3. The proceeds that would have been available to the School District if the Special Tax were to be levied and collected at its maximum rate and amount on all taxable property in the District on the date of the adoption by the School Board of the Supplemental Resolution authorizing the issuance of such Series of Bonds, as shown by a Certificate of the School District on file with the Paying Agent, will be equal to at least 110 percent of the Maximum Annual Debt Service on all Bonds to be Outstanding after the issuance of such Series of Bonds.

There is no limit on the issuance of Parity Bonds payable from the Special Tax, other than the maximum amount authorized, if after the issuance and delivery of such Parity Bonds none of the Bonds theretofore issued under the Resolutions will be outstanding. Further, there is no limit on the issuance of any Parity Bonds payable from the Special Tax if after the issuance of such Series of Bonds the total Debt Service in each Bond Year after the issuance of such Parity Bonds is not increased.

However, the School District has no plans, at this time, to issue additional Parity Bonds after the issuance of the Refunding Bonds.

SPECIAL RISK FACTORS

Not a General Obligation of the District or School District

The Refunding Bonds are special tax obligations of the District and the School District; the interest on, principal of, and redemption premiums, if any, upon the Refunding Bonds are payable solely from the proceeds of the Special Tax, as provided in the Resolutions, and the School District is not obligated to pay the Refunding Bonds except from the proceeds of the Special Tax. The general fund of the School District is not liable and the full faith and credit of the School District is not pledged for the payment of the interest on or principal of or redemption premiums, if any, upon the Refunding Bonds, and no tax or assessment other than the Special Tax will ever be levied or collected to pay the interest on, or principal of, or redemption premiums, if any, upon the Refunding Bonds.

Levy of the Special Tax

The principal source of payment of debt service on the Refunding Bonds is the proceeds of the annual levy and collection of the Special Tax. The annual levy of the Special Tax is subject to the maximum rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay principal and interest on the Refunding Bonds. Other funds that might be available include funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular taxed parcels and the amount of the levy of the Special Tax, and the Special Tax is expressly prohibited by the Law and the State Constitution from being based on assessed valuation. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of the debt service on the Refunding Bonds, and certainly not a direct relationship.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district, and the bonds issued by such district.

Under provisions of the Law, special taxes are to be billed to the properties within a community facilities district which were entered on the assessment roll of the county assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such special tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These special tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of special taxes in the future. See “SECURITY AND SOURCE OF PAYMENT—Foreclosure Proceedings” for a discussion of the provisions which apply, and procedures which the School District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Collection of Special Taxes

In order to pay debt service on the Refunding Bonds, it is necessary that the Special Tax being levied against Taxable Property within the District be paid, collected and apportioned in a timely manner. Should the Special Tax not be paid on time, the School District has established a Bond Reserve Account in the amount of the Required Bond Reserve to pay debt service on the Bonds to the extent other funds are not available therefor. The Bond Reserve Account may be depleted rapidly if relied upon for its stated purpose, and the level at which the Bond Reserve Account can be maintained cannot be guaranteed. Failure of significant real property owners in the District to pay installments of the Special Tax when due could result in the depletion of the Bond Reserve Account prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay in payments of the principal of and interest on the Refunding Bonds.

The Resolutions provide that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Law, is to be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the Treasurer. See “SECURITY AND SOURCE OF PAYMENT—The Special Tax” and “SECURITY AND SOURCE OF PAYMENT—Alternative Method of Tax Apportionment” herein.

Pursuant to the Law, in the event of any delinquency in the payment of the Special Tax, the School District may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the School District has covenanted for the benefit of the owners of the Bonds that it will review the public records of the County in connection with the collection of the Special Tax to determine the amount of the Special Tax collected in the prior fiscal year, and if less than 95 percent of the tax has been collected by June 30, by October 31 institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale. In addition, the School District covenants that if the School District determines on the basis of its review that any single property owner in the District is delinquent by more than \$25,000 in his or her obligation to pay the Special Tax for such fiscal year, then it will institute, prosecute, and pursue such foreclosure proceedings in the time and manner provided in the Resolutions against such property owner.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to holders of the Refunding Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the School District of the proceeds of sale if the Bond Reserve Account is depleted. See “SECURITY AND SOURCE OF PAYMENT—Foreclose Proceedings” herein.

Discontinuance of Advancement of the Special Tax

The County implemented its Teeter Plan as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas, including the District, with full tax and assessment levies instead of actual tax and assessment collections. In return the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County's Teeter Plan may help protect Beneficial Owners from the risk of delinquencies in the payment of special taxes. See "SECURITY AND SOURCE OF PAYMENT—Alternative Method of Tax Apportionment" herein.

However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. A termination of the Teeter Plan with respect to a community facilities district would eliminate such protection from delinquent special taxes for such community facilities district. If such event should occur, the ability of the School District to pay the principal of and interest on and redemption premiums, if any, upon the Refunding Bonds may be adversely affected, and the School District may not be in a position to provide for the timely payment of the Refunding Bonds when due.

Concentration of Property Ownership

Failure of any significant landowner to pay the annual Special Taxes when due could result in the rapid, total depletion of the Bond Reserve Account prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the Refunding Bonds. The only asset of each owner which constitutes security for the Refunding Bonds is his or her property holdings located within the District. See "SPECIAL RISK FACTORS—Bankruptcy" and "SECURITY AND SOURCE OF PAYMENT—Foreclosure Proceedings" herein.

The District is primarily built-out with single-family homes and there is limited property owner concentration. See "THE DISTRICT—Major Taxpayers" herein.

Exempt Properties

Certain properties are exempt from the Special Tax in whole or in part, in accordance with the approved formula. See "APPENDIX B—SPECIAL TAX FORMULA" attached hereto. In addition, the Law provides that properties or entities of the state, federal, or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction, or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. In addition, the Law provides that if property subject to the Special Tax is acquired through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Law have not been tested.

The Law further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax. The Law would prohibit the Board from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the Board determined that the reduction or termination of the Special Tax "would not interfere with the timely retirement" of the Bonds.

Zoning and Land Use Decisions

The Special Tax is to be levied annually based upon the then-existing actual use and land use designation. Decisions made by the governing bodies having control over zoning and land use decisions for property within the School District will affect the prospective use of the property and, therefore, the future tax base for the Special Tax. At the present time, the Board of Supervisors of the County have control over land use decisions for property within the County for unincorporated areas of the District, and the City Council of the City of Davis has control over zoning and land use decisions for District property within its jurisdiction.

Land Values

The total assessed valuation of the District may understate or overstate the actual market value of property in the District. Article XIII A of the State Constitution limits any increase in assessed value to no more than two percent a year unless property is sold or transferred. As a consequence, assessed values are typically less than actual market values unless the property recently has changed ownership. However, no assurances as to the market value of the properties within the District can be made by the School District.

Hazardous Substances

One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency and subsequent institution of foreclosure proceedings. See "SECURITY AND SOURCE OF PAYMENT—Foreclosure Proceedings" herein.

No information is available as to the existence of any hazardous substances within the Taxable Property of the District.

Bankruptcy

The payment of the Special Tax and the ability of the School District to foreclose the lien of a delinquent unpaid Special Tax installment, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Refunding Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay could increase the likelihood of a delay or default in payment of the principal of and interest on the Refunding Bonds and the possibility of delinquent Special Tax installments not being paid in full.

No Acceleration Provision

The Refunding Bonds do not contain a provision allowing for the acceleration of the Refunding Bonds in the event of a payment default or other default under the terms of the Refunding Bonds or the Resolutions.

Land Development

Development within the District may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water shortages, and other similar factors. Development in the District may also be affected by development in surrounding areas that may compete with the District. In addition, land development operations are subject to comprehensive federal, State, and local regulations, including environmental, land use, zoning, and building requirements. There can be no assurance that land development operations within the District will not be adversely affected by these risks. The School District has not evaluated these risks.

The ability of the School District to levy the Special Tax is not dependent on the development of the properties within the District, although the rates at which the Special Tax may be levied may be affected by the pace of development. The development of the property within the District may affect the landowners' ability and willingness to pay the Special Tax and may affect the market value of the property if foreclosed for delinquent payment of the Special Tax.

Proceedings to Reduce or Terminate Special Tax

Pursuant to the Law, proceedings could be initiated to reduce or terminate the levy of the Special Tax. However, the Law would prohibit the Board from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the Board determined that the reduction or termination of the Special Tax "would not interfere with the timely retirement" of any outstanding indebtedness secured by the Special Tax.

Parity Taxes and Special Assessments

The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments currently levied or which may be levied in the future by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. The School District, however, has no control over the ability of other entities and districts to issue indebtedness secured by a special tax or assessments payable from all or a portion of the property within the District. Special taxes imposed against property within community facilities districts established by the School District, the City of Davis, and the County are on a parity with the Special Tax, as are numerous special assessments imposed against property within the District. See "THE DISTRICT—Direct and Overlapping Bonded Debt" herein.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel of Taxable Property to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The School District has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County against each parcel of Taxable Property. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Law requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. State Civil Code Section 1102.6(b) requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Issuance of Additional Indebtedness

There remains \$32,834,315 in principal amount of unsold Bonds pursuant to the 1990 Authorization. Additional Bonds may be issued in the future pursuant to the 1990 Authorization. See "ISSUANCE OF ADDITIONAL INDEBTEDNESS" herein.

Loss of Tax Provision

Interest on the Refunding Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the School District subsequent to the issuance of the Refunding Bonds in violation of the School District's covenants with respect to the Refunding Bonds. Should interest become includable in gross income, the Refunding Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax. See "THE REFUNDING BONDS—Redemption Provisions" and "LEGAL MATTERS—Tax Matters" herein.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." (See "CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES & EXPENDITURES – Limitations on Revenues" for more information.) Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, 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." Article XIII also states that "...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Law provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Law prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledge to repay special tax debt, unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Accordingly, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce the Special Taxes through the initiative process, if such reduction would interfere with the timely retirement of the Refunding Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts.

THE SCHOOL DISTRICT

The information in this section concerning the operations of the School District and its finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Refunding Bonds is payable from the General Fund of the School District. The Refunding Bonds are payable from the proceeds of the Special Tax. See "SECURITY AND SOURCE OF PAYMENT" herein.

General Information

The School District, organized under the laws of the State, was established on July 1, 1962. The School District provides elementary and secondary education to approximately 8,000 students in the City of Davis, located in the south-central region of the County, as well as a portion of the northeastern region of the unincorporated area in Solano County. All of the School District's schools are located in the County. The School District is located approximately 15 miles west of Sacramento and 75 miles northeast of San Francisco. The School District is traversed east-west by Interstate 80, the main route between San Francisco and Sacramento, and north-south via State Highway 113. The School District operates one elementary school serving grades Kindergarten through three, eight elementary schools serving grades Kindergarten through six, three junior high schools serving grades seven through nine, one traditional senior high school serving grades ten through twelve, a children's center, an adult school, an independent study school, and an alternative continuation high school.

The School District Board of Education and Key Administrative Personnel

The School District is governed by a five member Governing Board of Trustees (the “Board”). The Board governs all activities related to public K-12 education within the jurisdiction of the School District. The Board receives funding from local, State and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board consists of five members. Each Board member is elected by the public for a four-year term of office and elections for the Board are held every two years. The Board has the power to designate management and is accountable for all fiscal matters relating to the School District.

The current members of the Board are set forth below.

The Board of Education Davis Joint Unified School District

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Alan Fernandes	President	December 2016 ¹
Madhavi Sunder	Vice President	December 2018
Susan Lovenburg	Member	December 2016
Barbara Archer	Member	December 2018
Tom Adams	Member	December 2018

¹Elected to a two-year term to serve the time remaining in the term of a board member elected in November 2014 who resigned in fiscal year 2013-14.

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

Financial Statements

The June 30, 2014 Annual Financial Report of the School District, which includes its audited financial statements for its fiscal year ending June 30, 2014, is attached hereto in “APPENDIX C—THE FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT AS OF AND FOR THE YEAR ENDING JUNE 30, 2014.” The School District has not requested nor did the School District obtain permission from its auditor to include the audited financial statements as an appendix to this Official Statement.

Please note that the Annual Financial Report of the School District is provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. No funds or assets of the School District are pledged, or otherwise required to be used, to pay the debt service on the Refunding Bonds. Investors should not rely on the financial condition of the School District in evaluating whether to buy, hold or sell the Refunding Bonds.

COUNTY ECONOMIC PROFILE

The boundaries of the District include the City of Davis and some of the unincorporated areas of the County. The information in this section concerning the City of Davis and the County are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the Refunding Bonds are a debt of such entities. The Refunding Bonds are payable from the proceeds of the Special Tax. See “SECURITY AND SOURCE OF PAYMENT” herein.

General Information

The County is one of 58 counties in the State and is located in the northern central part of the State. Comprised of 1,021 square miles, the County is approximately 20 miles west of Sacramento, the State's capital, and approximately 60 miles northeast of the San Francisco Bay Area. Based on data compiled by DataQuick Information Systems, the median sale price of a single-family home in the County was \$370,000 in February 2015, an increase of approximately 21.3 percent from \$305,000 in February 2014.

Population

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

Historical Population
City of Davis and Yolo County

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City of Davis	65,558	65,421	65,781	66,125	66,656
Yolo County	200,484	201,071	204,343	204,953	206,381

Source: State Department of Finance.

Unemployment

The following table contains a summary of the City of Davis's unemployment data seasonally unadjusted.

Historical Unemployment
City of Davis

	<u>Annual 2010</u>	<u>Annual 2011</u>	<u>Annual 2012</u>	<u>Annual 2013</u>	<u>December 2014¹</u>
Total Labor Force	38,100	38,100	38,500	38,700	34,200
Number of Employed	34,900	35,100	35,700	36,400	32,300
Number of Unemployed	3,200	3,000	2,800	2,300	2,000
Unemployment Rate	8.4%	8.0%	11.4%	9.4%	5.7%

¹Preliminary.

Source: State Employment Development Department.

The following table contains a summary of the County's unemployment data seasonally unadjusted.

Historical Unemployment
Yolo County

	<u>Annual 2010</u>	<u>Annual 2011</u>	<u>Annual 2012</u>	<u>Annual 2013</u>	<u>December 2014¹</u>
Total Labor Force	98,400	97,700	98,500	98,100	99,100
Number Employed	85,900	85,500	87,200	88,900	90,900
Number of Unemployed	12,500	12,200	11,300	9,200	8,200
Unemployment Rate	12.7%	12.5%	11.4%	9.4%	8.2%

¹Preliminary.

Source: State Employment Development Department.

Major Employers

The following table provides a listing of the major employers in the County, listed by number of employees.

Major Employers
Yolo County

	<u>Employer</u>	<u>Number of Employees</u>	<u>Percent of Total County Employment</u>
1	University of California, Davis	12,639	14.27%
2	State of California (various)	2,480	2.80
3	Cache Creek Casino	2,200	2.48
4	Pacific Gas & Electric Co.	1,731	1.95
5	County of Yolo	1,257	1.42
6	Woodland Joint Unified Sch. Dist.	1,000	1.13
7	Woodland Healthcare	949	1.07
8	Raley's Family of Fine Stores	830	0.94
9	Davis Joint Unified Sch. Dist.	790	0.89
10	City of Davis	700	0.79
	Total	24,576	27.74%

Source: County of Yolo, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

Taxable Sales

Total taxable sales reported during calendar year 2013 in the City of Davis were approximately \$562,953,000, a 23.3 percent increase from the total taxable sales of approximately \$456,620,000 reported during calendar year 2012. Annual data for 2014 are not yet available. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City of Davis is presented in the following table, rounded to the nearest thousand.

Taxable Retail Sales
City of Davis

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Sales Tax Permits	1,086	1,095	1,088	1,097	1,123
Taxable Sales (000's)	\$446,745	\$442,255	\$479,072	\$456,620	\$562,953

Source: State Board of Equalization.

Total taxable sales reported during the calendar year 2013 in the County were approximately \$3,700,252,000, a percent increase from the total taxable sales of approximately \$3,475,345,000 reported during calendar year 2012. Annual data for 2014 are not yet available. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table, rounded to the nearest thousand.

**Taxable Retail Sales
Yolo County**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Sales Tax Permits	3,892	4,035	3,978	4,012	4,075
Taxable Sales (000's)	\$2,865,382	\$2,943,500	\$3,247,541	\$3,475,345	\$3,700,252

Source: State Board of Equalization.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND EXPENDITURES

Principal of and interest on the Refunding Bonds are payable only from the proceeds of the Special Tax levied by the School District for the payment thereof. See "SECURITY AND SOURCE OF PAYMENT" herein. Articles XIII A and XIII B of the Constitution, and Propositions 98, 111 and 218 are discussed in this and in the preceding section to describe the potential effect of these Constitutional and statutory measures on the ability of the School District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the School District to levy taxes for payment of the Refunding Bonds. The tax levied by the School District for payment of the Refunding Bonds was approved by the School District's voters in compliance with Article XIII A and all applicable laws. Proposition 218, however, may affect the Special Taxes that secure the Refunding Bonds.

Limitations on Revenues

Article XIII A of the State Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on: (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast on the proposition, or (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 percent of the voters of the district, but only if certain accountability measures are included in the bond proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. 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 two percent, depending on the assessor's measure of the restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the one percent base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain

improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by each county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979. Increases of assessed valuation resulting from reappraisals of property due to new construction, a change in ownership, or from the annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “status.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIII C and Article XIII D of the State Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, 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. 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. Article XIII C also 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 State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes pledged as security for payment of the Refunding Bonds or to otherwise interfere with performance of the duty of the School District and the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the School District are restricted as to use and are neither pledged nor available to pay the Refunding Bonds.

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

Expenditures and Appropriations

Article XIII B of the State Constitution. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds that are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be

exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State, and each local government entity, has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, 50 percent of the excess is transferred to fund the State's contribution to school and college districts.

Proposition 1A. On November 2, 2004, voters in the State approved Proposition 1A amending the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not reduce any local sales tax rates or alter the method of allocation, shift property taxes from local governments to schools or community colleges, make changes in how property taxes revenues are shared among local governments without two-thirds approval of both house of the State Legislature, and decrease vehicle license fees without providing local governments with equal replacement funding.

Under Proposition 1A, beginning in fiscal year 2008-09, the State may divert no more than eight percent of local property tax revenues for State purpose (including but not limited to funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency, (ii) two-thirds approval of both houses of the State Legislature, (iii) the amount diverted is required to be repaid within three years, and (iv) certain other conditions are met.

Future Initiatives. Articles XIII A, XIII B, XIII C, and XIII D, and Propositions 98, 111, 218 and 1A 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 the School District's revenues or the School District's ability to expend revenues.

THE RESOLUTIONS

The following is a brief summary of selected provisions of the Resolutions. The first part of this summary contains selected terms appearing within the Resolutions and repeated in this Official Statement. The second part of this summary contains selected provisions of the Resolutions. This summary does not purport to be complete or definitive. Where possible, the Official Statement has attempted to alert prospective purchasers to these terms or portions of the provisions summarized. Prospective purchasers can obtain the complete text of the Resolutions by contacting the School District.

Definitions

"Bond Year" means the twelve-month period terminating on August 15 of each year.

"Debt Service" means, for any Bond Year, the sum of (1) the interest payable during such Bond Year on all outstanding Bonds, assuming that all outstanding Serial Bonds are retired as scheduled and that all outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the Minimum Sinking Fund Account Payments applicable to such Term Bonds (except to the extent that such interest is to be paid from the proceeds of sale of any of the Bonds), (2) the principal amount of all outstanding Serial Bonds maturing by their terms in such Bond Year, and (3) the aggregate amount of all Minimum Sinking Fund Account Payments required to be deposited in all Sinking Fund Accounts in such Bond Year.

“Expenses” means all expenses paid or incurred by the School District for the cost of planning and designing the Facilities, including the cost of environmental evaluations of the Facilities and the costs associated with the creation of the District, the issuance of the Bonds, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities; all as determined in accordance with Generally Accepted Accounting Principles.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the School District as its Fiscal Year in accordance with applicable law.

“Initial Resolution” means Resolution No. 05-94 adopted by the Board on July 1, 1993, under and pursuant to the Law.

“Law” means the Mello-Roos Community Facilities Act of 1982 (Sections 53311 et. seq., of the State Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Bonds mature by their terms.

“Minimum Sinking Fund Account” means the payments required by the Initial Resolution and all Supplemental Resolutions to be deposited in all Sinking fund Accounts for the payment of all Term Bonds.

“Required Bond Reserve” means the lesser of (i) 10 percent of all Bonds issued, (ii) the lesser of Maximum Annual Debt Service or 125 percent of average annual debt service on the Bonds or (iii) the amount permitted to be held in the Bond Reserve Account by the arbitrage bond regulations issued by the United States Department of the Treasury under Section 148 (d) of the Code as such regulations are, at the time, applicable and in effect.

“Refunding Bonds” means the Bonds authorized to be issued by Article II of the Seventh Supplemental Resolution.

“Special Tax” is that special tax authorized to be levied and collected annually on all taxable property in the District under and pursuant to the Law at the election held in the District on May 24, 1990.

“Special Tax Fund” means the fund referred to by that name established in Section 6.01 of the Initial Resolution.

“Term Bonds” means Bonds which are redeemable or payable on or before their specified maturity date or dates from Minimum Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

Covenants of the School District

So long as any of the Bonds are outstanding, the School District is required (through its appropriate officers, agents, or employees) to faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Resolutions and in the Bonds including the following covenants:

Punctual Payment and Performance. The School District will punctually pay the interest on and principal of and redemption premiums, if any, to become due on every Bond issued pursuant to the Resolutions in strict conformity with the terms of the Law, the Initial Resolution, and the Bonds.

Against Indebtedness and Encumbrances. The School District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as described herein. See “ISSUANCE OF ADDITIONAL INDEBTEDNESS” herein.

Against Federal Income Taxation.

(a) The School District will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"), and specifically the School District will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the School District or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the School District, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect; provided, that if the School District obtains an opinion of nationally recognized bond counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the School District may rely conclusively on such opinion in complying with the provisions of the Initial Resolution; and provided further, that in the event that at any time the School District is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any moneys held by the Treasurer under the Resolutions or otherwise the School District will so instruct the Treasurer in writing, and the Treasurer will take such action as may be necessary in accordance with such instructions.

(b) The School District will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation will survive payment in full or defeasance of the Bonds, and pursuant to the Initial Resolution, the Rebate Fund has been established. The School District will comply with the provisions of the Rebate Certificates with respect to making deposits in the Rebate Fund, and moneys held in the Rebate Fund are pledged to provide payments to the United States of America as provided in the Initial Resolution and in the Rebate Certificates and no other person will have claim to such moneys except as provided in the Rebate Certificates.

Payment of Claims. The School District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the School District or the Treasurer or the Paying Agent allocated to the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

Expense Budgets. The School District, so long as any Bonds are outstanding, will annually adopt a budget for each Fiscal Year setting forth the estimated Expenses for such Fiscal Year; provided that any budget adopted in accordance with this section may be amended at any time.

Accounting Records; Financial Statements and Other Reports.

(a) The School District will keep appropriate accounting records in which complete and correct entries will be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Bonds, which accounting records will at times during business hours be subject to the inspection of any Holder (or his representative authorized in writing) and of any investment banker, security dealer or other person interested in the Bonds.

(b) The School District will prepare annually not later than April 15 of each Fiscal Year commencing with April 15, 2016, financial statements of the School District with respect to the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon and a special report prepared by the Independent Certified Public Accountant who examined such financial statements stating that nothing came to his attention in connection with such examination that caused him to believe the School District was not in compliance with any of the financial agreements or covenants contained in the Resolutions. The School District will furnish a copy of such financial statements and Accountant's Report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting copies thereof.

(c) The School District will prepare annually not later than April 15 of each Fiscal Year commencing with April 15, 2016, a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Facilities. The School District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting copies thereof.

Continuing Disclosure. The School District will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Protection of Security and Rights of Holders. The School District will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

Payment of Governmental Charges and Compliance with Governmental Regulations. The School District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Facilities or any part thereof promptly as and when the same becomes due and payable, except that the School District is not required to pay any such governmental charges so as the application or validity thereof is contested in good faith and the School District has set aside reserves to cover such charges. The School District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Facilities or any part thereof, except that the School District is not required to comply with any such regulations or requirements to as the application or validity thereof is contested in good faith.

Levy and Collection of the Special Tax. The School District, so long as any Bonds are outstanding, will annually levy the Special Tax for each Fiscal Year against all taxable property in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Resolutions, and which in any event will be sufficient to pay the interest on and principal of and Minimum Sinking Fund Account Payments for and redemption premiums, if any; to accumulate funds for future Debt Service on the Bonds as they become due and payable; to replenish the Bond Reserve Account; and to pay all current Expenses as they become due and payable in accordance with the provisions and terms of the Resolutions. The Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and will be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

Foreclosure of Special Tax Liens. The School District will review the public records of the County of Yolo in connection with the collection of the Special Tax not later than June 30 of each year to determine the amount of the Special Tax received during that Fiscal Year, and if the amount so received is less than ninety-five percent of the amount of the Special Tax levied in such Fiscal Year, it will, not later than the next subsequent October 31, institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that if the School District determines on the basis of such review that any single property owner in the District is delinquent by more than \$25,000 in his or her obligation to pay the Special Tax for such Fiscal Year, then it will institute, prosecute and pursue such foreclosure proceedings in the manner provided herein against such property owner.

Further Assurances. The School District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Resolutions and for the better assuring and confirming unto the Holders of the rights and benefits provided in the Resolutions.

Amendment of or Supplement to the Resolutions

The Resolutions and the rights and obligations of the School District and of the Holders may be amended or supplemented at any time by a supplemental resolution which will become binding when the written consents of the Owners of sixty percent in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in the Resolutions, are filed with the School District. No such amendment or supplement will (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the School District to pay the interest on or principal of or redemption premiums, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Resolutions without the express written consent of the Holder of such Bond, or (2) permit the issuance by the School District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Resolutions, or jeopardize the ability of the School District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Paying Agent without its prior written consent thereto.

The Resolutions and the rights and obligations of the School District and of the Holders may also be amended or supplemented at any time by a supplemental resolution which will become binding upon adoption without the prior written consent of any Holders, but only to the extent permitted by law and only for any one or more of the following purposes:

- To add to the agreements and covenants required, contained therein, to be performed by the School District other agreements and covenants thereafter to be performed by the School District which will not adversely affect the interests of the Holders, or to surrender any right or power reserved herein upon the School District which will not adversely affect the interests of the Holders;
- To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Resolutions that the School District may deem desirable or necessary and will not adversely affect the interests of the Holders;
- To make such additions, deletions or modifications as may be necessary or appropriate to ensure compliance with Section 148(f) of the Code;
- To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then-current rating on any series of Bonds; or
- To authorize the issuance of an additional series of Bonds and to provide the conditions and terms under which such series of Bonds may be issued, subject to compliance with the procedure set forth in the Resolutions.

Endorsement or Replacement of the Refunding Bonds After Amendment or Supplement

After the effective date of any action taken to amend or supplement the Resolutions, the School District may determine that the Refunding Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand by the Holder of any Refunding Bond outstanding on such effective date and presentation of his or her Refunding Bond for such purpose at the office of the Paying Agent, a suitable notation as to such action will be made on such Refunding Bond. If the School District so determines, new Refunding Bonds so modified as, in the opinion of the School District, will be necessary to conform to such action will be prepared and executed, and in that case upon demand of the Registered Owner of any Refunding Bond outstanding on such effective date such new Refunding Bonds will, upon surrender of such outstanding Refunding Bonds, be exchanged at the office of the Paying Agent, without cost to each Registered Owner, for Refunding Bonds then outstanding.

Remedies of Owners

The Refunding Bonds do not contain a provision allowing for the acceleration of the Refunding Bonds in the event of a payment default or other default under the terms of the Refunding Bonds or the Resolutions. Pursuant to the Resolutions, any Holder of any of the Refunding Bonds has the right for equal benefit and protection of all Holders similarly situated:

- By mandamus or other suit or proceeding at law or in equity to enforce his rights against the Board of Education or the School District or any of the officers or employees of the School District, and to compel the Board of Education or the School District or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holder contained in the Resolutions;
- By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or
- By suit in equity upon the nonpayment of the Refunding Bonds to require the Board of Education or the School District or its officers and employees to account as the trustee of an express trust.

LEGAL MATTERS

No Litigation

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

Legal Opinion

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Kronick, Moskovitz, Tiedemann & Girard, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is included in this Official Statement. See “APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL” attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Tax Matters

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

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon the analysis of existing statutes, regulations, ruling and court decisions, and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, the interest on the Refunding Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Bond Counsel is also of the opinion that interest on the Refunding Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account when determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The District has designated the Refunding Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

The amount, if any, by which the issue price of any maturity of the Refunding Bonds is less than the amount to be paid at maturity of such Refunding Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Refunding Bonds) constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Refunding Bonds which is excluded from gross income for federal income tax purposes and which is exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Refunding Bonds is the first price at which a substantial amount of such maturity of the Refunding 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 Refunding Bonds accrues daily over the term to maturity of such Refunding 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 Refunding Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Refunding Bonds. Owners of the Refunding Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Refunding Bonds with original issue discount, including the treatment of purchasers who do not purchase such Refunding Bonds in the original offering to the public at the first price at which a substantial amount of such Refunding Bonds is sold to the public.

Refunding Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable on their respective maturity dates (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 premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser’s basis in a Premium Bond, and under Treasury Regulations the amount of tax-exempt interest received, will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

The Internal Revenue Code of 1986, as amended, (the “Code”) imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Refunding Bonds. The District has covenanted to comply with certain restrictions designed to assure that interest on the Refunding Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Refunding Bonds being included in federal gross income, possibly from the date of issuance of the Refunding Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Refunding Bonds may

adversely affect the tax status of interest on the Refunding Bonds. Prospective Refunding Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Resolutions, the tax certificate to be entered into on the date of issuance of the Refunding Bonds (the "Tax Certificate"), and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Refunding Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Refunding Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation.

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

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Refunding Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Refunding Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Refunding Bonds should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Refunding Bonds for audit examination, or the course or result of any IRS examination of the Refunding Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Refunding Bonds.

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

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and target audits. It is possible that the Refunding Bonds will be selected for audit by the IRS. It is also possible that the market value of the Refunding Bonds might be affected as a result of such an audit of the Refunding Bonds (or by an audit of similar bonds).

RATING

Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of The McGraw-Hill Companies, Inc., has assigned a municipal bond rating of "___" to the Refunding Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P at the following address: Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York, 10041. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

FINANCIAL ADVISOR

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

UNDERWRITING

The Refunding Bonds were sold to _____ (the “Underwriter”) pursuant to a bond purchase agreement by and among the School District and the Underwriter for \$_____, an amount equal to the principal amount of the Refunding Bonds, plus an original issue premium of \$_____, less an underwriting discount of \$_____, at a true interest cost (TIC%) to the School District of _____ percent.

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

CONTINUING DISCLOSURE

The School District has covenanted for the benefit of the holders and Beneficial Owners of the Refunding Bonds to provide certain financial information and operating data relating to the School District and the District (the “Annual Report”), by not later than April 15 of each year, commencing with the report for the 2014-15 fiscal year (which is due no later than April 15, 2016), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the School District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). See “APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto.

In the past five years, the School District has not complied in all material respects with its previous undertakings with regard to said Rule to provide annual reports and notices of significant events.

- The School District filed complete annual disclosure reports for fiscal years 2009-10 through 2013-14 in a timely manner; however, due to clerical error, the fiscal year 2009-10 annual report for the Davis Joint Unified School District 2005 Certificates of Participation was not linked to all of the 2005 Certificates of Participation CUSIPs. The 2009-10 annual report was subsequently linked to the unlinked 2005 Certificates of Participation CUSIPs.
- The notice of redemption dated July 2, 2010, in connection with the redemption on August 1, 2010 of the Davis Joint Unified School District General Obligation Bonds, Election of 2000, Series 2000, was not posted on EMMA until July 20, 2010 as a result of clerical error.
- The notice of rating change in connection with Moody’s Investors Service downgrade of Assured Guaranty Municipal Corp. to “A2” on January 17, 2013, which was filed in a timely manner on January 31, 2013, was not linked to the all of the 2005 Certificates of Participation CUSIPs. The notice was subsequently linked to the unlinked 2005 Certificates of Participation CUSIPs.
- The notice of rating change in connection with Moody’s Investors Service upgrade of National Public Finance Guarantee Corporation, the bond insurer on the Davis Joint Unified School District Community Facilities District No. 1 Refunding Series 2007 Bonds, to “A3” on May 21, 2014, was filed on June 25, 2014, more than 10 business days after such rating change occurred.

As of the date of this Official Statement, the School District has made all required filings in the past five years for currently outstanding issues with connection with prior undertakings under the Rule.

ADDITIONAL INFORMATION

Additional information concerning the District, the School District, the Resolutions, the Refunding Bonds or any other matters concerning the sale and delivery of the Refunding Bonds may be obtained from the School District by contacting the Davis Joint Unified School District, Attention: Associate Superintendent, Business Services, 526 B Street, Davis, California 95616, telephone

(530) 757-5300, or by contacting the School District's Financial Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California 95814-5609, telephone (916) 444-5100, facsimile telephone (916) 444-5109.

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

DAVIS JOINT UNIFIED SCHOOL DISTRICT

By: _____
Winfred B. Roberson, Jr.
Superintendent

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APPENDIX A
LOCATION MAPS FOR THE DISTRICT

[TO COME]

APPENDIX B
SPECIAL TAX FORMULA

[TO COME]

APPENDIX C

THE FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

[TO COME]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[TO COME]

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

[TO COME]

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APPENDIX F
DTC BOOK ENTRY SYTEM

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

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

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Refunding Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

the Trustee and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School 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 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the School District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Trustee, or the School 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 School District or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

