PAYING AGENCY AGREEMENT

This **Paying Agency Agreement** (the "Agreement"), entered into as of the ___ day of _____, 2018 by and between **San Rafael City Elementary School District** (the "Issuer") and **The Bank of New York Mellon Trust Company, N.A.,** a national banking association with its corporate trust office at San Francisco, California (the "Paying Agent"),

WITNESSETH:

WHEREAS, by Resolution of the Board of Education of the Issuer dated June 25, 2018 (the "Authorization"), the Issuer authorized the issuance of its Bonds as described in **Exhibit A** attached hereto (the "Bonds") and

WHEREAS, said Authorization authorized the Issuer to enter into an agreement of appointment with a bond registrar/transfer agent and paying agent to service such Bonds.

NOW, THEREFORE, the Issuer and the Paying Agent agree as follows:

Section 1. Appointment and Acceptance. The Issuer hereby appoints The Bank of New York Mellon Trust Company, N.A. as Bond Registrar/Transfer Agent and Paying Agent for the Bonds, and the Paying Agent accepts such appointments, acknowledging the duties, obligations and responsibilities of the Paying Agent as set forth herein.

Section 2. Documents to be Filed with the Paying Agent. The following documents shall be filed with the Paying Agent in connection with its appointment:

(i) a copy of the Authorization.

(ii) if not printed on the Bonds, an opinion of bond counsel stating that (a) the Bonds are valid and legally binding obligations of the Issuer, payable in accordance with their terms and (b) the interest on such Bonds is not included in gross income for federal income tax purposes;

(iii) a specimen certificate in the form approved by the Issuer;

(iv) if the Bonds have been delivered prior to the Paying Agent's appointment:

(1) a list containing the name, address and taxpayer identification number of each Bondholder as of the date of Paying Agent's appointment, indicating the date of issuance, the authentication date, the certificate number and the denomination for each outstanding certificate, and

(2) a list of stop transfer orders maintained by the Issuer (or its predecessor paying agent) against outstanding Bond certificates giving details as to certificate numbers, denominations, names of registered owners and dates of stop transfer orders, and, if such certificates have been replaced, the numbers and denominations of the replacement certificates, dates of

replacements and documents evidencing the indemnity accepted in connection with the issuance of the replacement certificates; and

(v) such other instruments and certificates as the Paying Agent may reasonably request.

Section 3. Registration, Authentication and Delivery of Initial Bonds. If the Bonds are to be newly issued, the Issuer will, or will cause its underwriter to:

(i) deliver to Paying Agent, not later than five (5) business days prior to the required delivery date, written notice setting forth the maturity date, principal amount and interest rate borne by the Bonds;

(ii) notify the Paying Agent in writing, not later than three (3) business days prior to the required delivery date, of the name(s) in which Bonds are to be registered, the mailing addresses of the respective registered holders and their respective taxpayer identification numbers, and the quantity, denominations, interest rates, maturity dates and CUSIP numbers of the certificates to be issued to each registered holder.

The Paying Agent shall inscribe the Bonds as directed in Section 3(ii) above, authenticate the initial Bonds and deliver same in accordance with the written directions of the Issuer or its underwriter. If delivered before the Closing, such initial Bonds shall remain subject to the control of the Paying Agent, as agent for the Issuer, until released by the Paying Agent.

Section 4. Transfer or Exchange of Certificates. The Paying Agent is authorized, empowered and directed to inscribe, to countersign or authenticate as registrar, and to record and deliver new certificates for Bonds of the Issuer pursuant to requests for transfer and cancellation of other certificates theretofore outstanding, or to replace lost, destroyed, stolen or mutilated certificates, as provided in Section 6 hereof.

If the transfer and/or exchange of the Bond certificate shall have been documented in the manner authorized or required by law, and if the rules and regulations of the Issuer and of the Paying Agent, governing the transfer and registration of the Bonds shall have been met, then the Paying Agent shall cancel such certificate being transferred and/or exchanged and shall inscribe, authenticate, record and deliver a new certificate for the Bonds so transferred or exchanged. In the transfer of Bond certificates, the Paying Agent may require a guarantee of signature by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

The Paying Agent shall incur no liability for the refusal in good faith to make transfers which it, in its judgment, deems improper or unauthorized. The Paying Agent may, in effecting transfers, rely upon the Uniform Commercial Code of the State of California and/or the rules of the Stock Transfer Association, Inc.

Section 5. Bond Certificates. The Issuer will furnish to the Paying Agent a sufficient supply of blank Bond certificates and, from time to time, will replenish such supply upon request of the Paying Agent. Such blank Bond certificates shall be signed by officers of the Issuer, authorized by the Issuer to sign Bond certificates, and shall bear the seal of the Issuer or shall bear, to the extent permitted by law, the

facsimile signature of each such officer and a facsimiles of the seal. If an officer of the Issuer, whose signature appears on any Bond certificate, ceases to be an officer of the Issuer before delivery of said Bond certificate, such signature nevertheless shall be valid and sufficient for all purposes, the same as if such officer of the Issuer had remained in office until such delivery and the Paying Agent may inscribe, authenticate, and deliver such certificate as being that of the Issuer whose signature properly shall have been inscribed on such Bond certificate prior to its issuance.

Section 6. Records of Certificates; Lost or Destroyed Certificates. The Paying Agent may open and keep such books and other records, including a bond register, as shall be required for, or convenient in, the performance of its duties. If Bonds have been issued and delivered prior to the Paying Agent's appointment, the Paying Agent may accept and adopt as a part of such records all lists of holders of records as may have been employed by any former bond registrar/transfer agent and paying agent for such Bonds if certified by such former bond registrar/transfer agent and paying agent. The Paying Agent shall use such list of holders of record of the Issuer's Bond certificates as sufficient basis for its records and verification of Bond certificates therein described.

Upon receiving instructions from the Issuer and indemnity satisfactory to the Paying Agent and the Issuer, the Paying Agent may inscribe, authenticate and deliver, to the persons entitled thereto, new certificates in place of certificates represented to have been lost, stolen or destroyed and likewise may issue a new certificate in exchange for, and upon surrender of, an identifiable mutilated certificate.

Section 7. Payments of Interest and Principal. The Paying Agent shall act as Paying Agent for the Bonds and in such capacity it shall:

(i) with funds provided by the County of Marin (the "County"), pay the interest upon the Bonds by mailing checks or wiring to the persons entitled to receive such interest, as determined by the registry of the Issuer maintained by the Paying Agent, provided that the County shall have deposited with the Paying Agent, on or before the day upon which interest checks are to be mailed and at least one business day prior to the day interest is to be wired, sufficient funds to cover payment of such interest;

(ii) with funds provided by the County, pay the principal amount (including premium, if any) of the Bonds to the registered holders of such Bonds, upon the maturity date or earlier redemption date upon which the principal is to become payable and upon delivery to the Paying Agent of a Bond certificate with respect to which such principal payment shall have become payable, provided that the County shall have deposited with the Paying Agent, on or before the payment date, sufficient immediately available funds to pay the aggregate principal amount (including premium, if any) due on all Bonds so payable;

(iii) if a Bondholder shall report to the Paying Agent that any check so mailed for the payment of interest or principal has been lost and that the proceeds thereof, have not been received and if the check has not been paid then, upon execution of an indemnity agreement satisfactory to the Paying Agent and the Issuer, stop payment upon such check, and issue and deliver to such Bondholder a new check for

like amount; provided, however, that it may, at its discretion, defer the issuance of the new check for a reasonable period of time;

(iv) record the fact of payment and cancel Bonds surrendered to it for payment, coincident with such payment being made to the person thereto entitled; and

(v) have no liability for interest on any funds received by it; any unclaimed funds remaining in the possession of the Paying Agent for payment of the Bonds will be escheated in accordance with applicable law and the Paying Agent's policies and procedures.

Section 8. Redemption Prior to Stated Maturity. If the Bonds are subject to redemption prior to their stated maturity date(s), the Paying Agent shall be governed by the redemption provisions set forth in the Authorization or as stated in the provisions as set forth on the bond form. The Paying Agent shall not be required to transfer any Bond, or portion thereof, that has been called for redemption. Payment of the principal amount (including premium, if any) of any Bond, or portion thereof, called for redemption shall be made by check payable to the registered owner, only upon presentation of the Bond, at the designated corporate trust office of the Paying Agent on or after the redemption date. Where the entire principal amount of the Bond has not been called for redemption, a new Bond of the same series, maturity and interest rate in the amount of the unredeemed portion will be issued to the registered holder or its assignee. Whether or not promptly submitted for redemption, interest on any Bond, or portion thereof, called for redemption shall cease to accrue on and after the redemption date provided that sufficient moneys therefore are on deposit with the Paying Agent.

Section 9. Payment of Costs of Issuance. The Issuer and the Paying Agent agree as follows:

The Paying Agent will receive funds from the Issuer or the purchaser of the Bonds and place the funds in an account established by the Paying Agent in the name of the Issuer and referencing the Bonds (the "Elementary School District COI Account").

The Paying Agent will hold (pending receipt of disbursement instructions) funds until the 180th day following the date hereof, which date is _____, 2018. All funds in the Elementary School District COI shall be held uninvested in cash. The Paying Agent shall not invest any cash held hereunder in the absence of timely and specific written direction from the Issuer. In no event shall the Paying Agent be liable for the selection of investments or for investment losses incurred thereon. The Paying Agent shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Issuer to provide timely written investment direction. The Paying Agent may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Paying Agent may conclusively rely upon such written direction from the Issuer as to both the suitability and legality of the directed investments. The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12 and hereby notifies

the Paying Agent that no brokerage confirmations need be sent relating to the security transactions as they occur.

The Paying Agent will pay costs of issuance of the Bonds from funds on deposit in the Elementary School District COI as directed by the Issuer in writing from time to time. Any balances remaining in the Elementary School District COI (including any earnings) on _____, 2018 shall be transferred to the Treasurer-Tax Collector of Marin County for deposit to the Debt Service Fund held on behalf of the Issuer.

Section 10. Compensation; Indemnification. The Issuer agrees to pay the Paying Agent fees as set forth in **Exhibit B** attached hereto and made a part hereof, and, if applicable, to reimburse Paying Agent for its out-of-pocket expenses (including without limitation attorneys; fees and expenses). The Issuer assumes full responsibility and, to the extent permitted by law, will indemnify the Paying Agent and its officers, directors, agents and employees and save it and them harmless from and against any and all actions or suits, whether groundless or otherwise, and from and against any and all losses, liabilities, costs and expenses (including attorneys' fees and expenses) arising out of the agency relationship created by this Agreement, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the bad faith or gross negligence of the Paying Agent, and such indemnification shall survive the Paying Agent's resignation or removal for any reason, or the termination of this Agreement.

Section 11. Instructions From the Issuer and Opinion From Counsel. At any time the Paying Agent may apply to any duly authorized representative of the Issuer for instructions, and shall have the right, but not the obligation, to consult with counsel of choice at the reasonable expense of the Issuer and shall not be liable for action taken or omitted to be taken either in accordance with such instruction or such advice of counsel, or in accordance with any opinion of counsel to the Issuer addressed to the Paying Agent.

Section 12. Concerning the Paying Agent. The Paying Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees. The Paying Agent shall not be answerable for other than its gross negligence or willful misconduct. The Paying Agent shall have no responsibility for the form of inscription of ownership upon any Bond certificate which has been made in accordance with directions of the Issuer, the Issuer's underwriter, a broker or a holder of a Bond. The Paying Agent shall be protected in acting upon any paper or document believed by it to be genuine and to have been signed by the proper person or persons and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the Issuer. The Paying Agent shall also be protected in recognizing Bond certificates which it reasonably believes to bear the proper manual or facsimile signatures on behalf of the Issuer. The Paying Agent shall have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by Paying Agent either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the Issuer addressed and delivered to the Paying Agent The Paying Agent shall not be under any obligation to prosecute any action or suit in respect of the agency relationship which, in its sole judgment, may involve it in expense or liability. In any action or suit the Issuer shall, as often as requested, reimburse the Paying Agent for any expense or liability growing out of such action or suit by or against the Paying Agent in its agency

capacity; provided, however, that no such reimbursement shall be made for any expense or liability arising as a result of Paying Agent's gross negligence or willful misconduct. No provision of this Agreement shall require the Paying Agent to risk or expend its own funds.

The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Paying Agent be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer shall provide to the Paying Agent an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Paying Agent and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Any banking association or corporation into which the Paying Agent may be merged, converted or with which the Paying Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Paying Agent shall be transferred, shall succeed to all the Paying Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 13. Notices. Until changed by notice in writing, communications between the parties shall be delivered to:

If to Issuer:
San Rafael City Elementary School District
310 Nova Albion Way
San Rafael, CA 94903
Attn: Assistant Superintendent of Business Services

If to the Paying Agent:
The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, Suite 3001
Dallas, TX 75201
Attn: Corporate Trust

Section 14. Destruction of Instruments, Records and Papers. The Paying Agent may retain in its files records, instruments, and papers maintained by it in relation to its agency as long as the Paying Agent shall consider that such retention is necessary. The Paying Agent shall destroy or dispose of canceled Bonds in accordance with its customary procedures, unless contrary instructions are received from the Issuer.

Section 15. Resignation or Removal of Paying Agent. Any time, other than on a day during the forty-five (45) day period preceding any payment date for Issuer's Bonds, the Paying Agent may resign by giving at least forty-five (45) days' prior written notice to Issuer; and the Paying Agent's agency shall be terminated and its duties shall cease upon expiration of such forty-five (45) days or such lesser period of time as shall be mutually agreeable to Paying Agent and Issuer. At any time, following at least forty-five (45) days' prior notice from the Issuer (or such lesser period of time as shall be mutually agreeable to the Paying Agent and the Issuer) the Paying Agent may be removed from its agency. Such removal shall become effective upon the expiration of the forty-five (45) day or agreed lesser time period, and upon payment to the Paying Agent of all amounts payable to it in connection with its agency. In such event, the Paying Agent shall deliver to the Issuer, or to the Issuer's designated representative, all Bonds and cash belonging to the Issuer and, at the Issuer's expense, shall furnish to the Issuer, or to the Issuer's designated representative, reasonably detailed information regarding the status of the Issuer's outstanding Bonds and copies of other pertinent records then in the Paying Agent's possession, reasonably requested by the Issuer.

Section 16. Effectiveness and Term. If the Bonds already are outstanding as of the date of the execution and delivery of this Agreement, this Agreement is effective as of the date hereof and shall continue until terminated as provided herein.

If the Bonds are to be newly issued, then this Agreement shall become effective as of the date that the Bonds are delivered to the original purchaser(s) thereof, and shall continue until terminated. If said Bonds are not delivered to original purchaser(s), this Agreement shall be null, void and of no effect.

This Agreement shall remain in effect and the agency established by the Agreement shall continue until (i) terminated by mutual agreement of Issuer and Paying Agent, (ii) the resignation or removal of Paying Agent pursuant to Section 15 hereof, or (iii) after all Bonds have been retired by payment or otherwise, or funds

have been deposited for their retirement, and any remaining funds have either been returned to the Issuer or escheated in accordance with law.

Section 17. Conflicts Between Documents. In the event of any conflict between any provision of this Agreement and the Authorization, the terms of the Authorization shall govern.

Section 18. Jury Trial Waiver. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

Section 19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers as of the date first above written.

San Rafael City Elementary School District

By _____
Name:
Title:

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

By _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF BONDS

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

EXHIBIT B

FEE SCHEDULE

Registrar, Transfer Agent and Paying Agent
For Fully Registered Tax Exempt Bond Issues

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE – BOOK ENTRY ONLY **RATING: Moody's: "___"**
(See "RATING" herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolution authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof. Bond Counsel observes, however, that interest on the Bonds will be included in calculating a corporation's adjusted current earnings for purposes of calculating alternative minimum taxable income for taxable years beginning prior to January 1, 2018. See "TAX MATTERS" herein.

$40,000,000*
SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
(Marin County, California)
ELECTION OF 2015 GENERAL OBLIGATION BONDS, SERIES B

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

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

The Bonds are general obligations of the District only and are not obligations of the County of Marin (the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property in the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal and premium, if any, and interest on each Bond as the same becomes due and payable.

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

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

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

_____

MATURITY SCHEDULE
On Inside Cover

_____

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

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, San Diego, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, San Diego, California, is acting as Disclosure Counsel for the issue. Certain matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about July 26, 2018.

STIFEL LOGO

The Date of this Official Statement is: _____, 2018

* Preliminary; subject to change.

MATURITY SCHEDULE

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

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

$_____ _____% Term Bonds Due August 1, 20__, Yield _____% CUSIP[1] 799306 ___

[1] Copyright 2018, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
(Marin County, California)

District Board of Education

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

District Administrators

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

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
San Diego, California

Financial Advisor

Isom Advisors, a Division of Urban Futures Incorporated
Walnut Creek, California

Paying Agent, Transfer Agent, Registration Agent

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

No dealer, broker, salesperson or other person has been authorized by San Rafael City Elementary School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Marin, the County of Marin has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the heading "THE MARIN COUNTY POOLED INVESTMENT FUND."

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

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$40,000,000[*]
SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
(Marin County, California)
ELECTION OF 2015 GENERAL OBLIGATION BONDS, SERIES B

INTRODUCTION

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

San Rafael City Elementary School District (the "District") proposes to issue $40,000,000[*] aggregate principal amount of its Election of 2015 General Obligation Bonds, Series B (the "Bonds") under and pursuant to a bond authorization (the "Authorization") for the issuance and sale of not more than $108,225,000 of general obligation bonds approved by 55% or more of the qualified voters of the District voting on the measure at a general election held on November 3, 2015 (the "Election"). The Bonds are the second series of general obligation bonds issued under the Authorization. Subsequent to the issuance of the Bonds, $43,225,000[*] aggregate principal amount of general obligation bonds will remain for issuance pursuant to the Authorization.

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

Registration

The Bank of New York Mellon Trust Company, N.A. will act as the initial registrar, transfer agent and paying agent for the Bonds (the "Paying Agent"). As long as The Depository Trust Company, New York, New York ("DTC") is the registered Owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notices to Owners only to DTC. See "THE BONDS – Description of the Bonds" herein.

The District

The District was established in 1861 by the City of San Rafael (the "City") Charter and provides kindergarten through eighth grade education services to students in a portion of the City, a portion of the city of Larkspur, the town of Ross and unincorporated territory in the County of Marin (the "County"). The District operates ten schools including eight elementary schools providing kindergarten through fifth grade education services, one middle school providing sixth through eighth grade education services and a combined elementary/middle school providing kindergarten through eighth grade education services. The District's average daily attendance ("ADA") for fiscal year 2017-18 was 4,578.85 students and the District had a 2017-18 total assessed value of $11,413,700,032.

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

[*] Preliminary; subject to change

District. Concurrently with the issuance of the Bonds, the High School District intends to issue its Election of 2015 General Obligation Bonds, Series B.

The District's audited financial statements for the fiscal year ended June 30, 2017 are attached hereto as APPENDIX C. For further information concerning the District, see the caption "SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT" herein.

Sources of Payment for the Bonds

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

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under certain provisions of the Government Code of the State and pursuant to a resolution adopted by the Board. See "THE BONDS - Authority for Issuance" herein.

Redemption

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

Tax Matters

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolution authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof. Bond Counsel observes, however, that interest on the Bonds will be included in calculating a corporation's adjusted current earnings for purposes of calculating alternative minimum taxable income for taxable years beginning prior to January 1, 2018. See "TAX MATTERS" herein.

Continuing Disclosure

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

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about July 26, 2018.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the "Government Code") (commencing with Section 53506) and pursuant to a resolution of the Board adopted on ____, 2018 (the "Resolution").

Purpose of Issue

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

Description of the Bonds

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

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

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" herein.

Payment of the Bonds

Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") through maturity, commencing February 1, 2019.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the

"Record Date"). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered during the period from the 16th day of the month immediately preceding any Interest Payment Date to that Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is registered prior to the close of business on January 15, 2019, in which event interest shall be payable from its Dated Date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption*

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

Mandatory Redemption. The Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

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

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

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent shall select Bonds for redemption in inverse order of maturity or in such order as the District may otherwise direct. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine;

* Preliminary; subject to change.

provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized, the Paying Agent shall give notice of the redemption of the Bonds at least 30 but not more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such redemption notice, which may be conditional, shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Bonds, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Right to Rescind Notice of Redemption

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

Effect of Notice of Redemption

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

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

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner

or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

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

Book-Entry Only System

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

Continuing Disclosure Agreement

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

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
Net Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund
Costs of Issuance[(1)]
Total Uses

[(1)] Payment of the costs of issuance of the Bonds, including Underwriter's discount, Bond and Disclosure Counsel fees, financial advisory fees, rating agency fees and other costs of issuance.

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

ANNUAL DEBT SERVICE SCHEDULES

The first of the following two tables summarizes the annual principal and interest payments on the Bonds. The second table shows the annual debt service payments on all of the District's outstanding general obligation bonds, comprising the Election of 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds"), the Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds"), the Election of 2002 General Obligation Bonds, Series C (the "2002 Series C Bonds"), the 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds), the Election of 2015 General Obligation Bonds, Series A (the "Series A Bonds") and the Bonds, assuming no optional redemption.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
DEBT SERVICE ON THE BONDS

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
Total			

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending August 1	1999 Series A Bonds	2002 Series B Bonds	2002 Series C Bonds	2011 Refunding Bonds	Series A Bonds	The Bonds	Total Debt Service
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
Total							

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS" herein. The District received approval from voters to issue $108,225,000 principal amount of general obligation bonds pursuant to the Authorization. Subsequent to the issuance of the Bonds, $43,225,000* aggregate principal amount of general obligation bonds will remain for issuance pursuant to the Authorization.

Property Taxation System

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

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

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

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

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

* Preliminary; subject to change.

irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

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

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

THE PROJECTS

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

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

TAX BASE FOR REPAYMENT OF THE BONDS

Ad Valorem Property Taxation

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

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

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

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

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

Assessed Valuations

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

A State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

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

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

the debt service on the Bonds. See "SECURITY FOR THE BONDS" and "DISTRICT FINANCIAL INFORMATION – State Budget Measures – *Recent California Drought Conditions and Wildfires*."

The following table presents the historical assessed valuation in the District since 1999-00 including the annual percent change. The District's total assessed valuation was $11,413,700,032 in fiscal year 2017-18.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 1999-00 Through 2017-18

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

Source: California Municipal Statistics, Inc.

Appeals and Adjustments of Assessed Valuations

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

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the

assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

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

Assessed Valuation by Jurisdiction

The table below presents the 2017-18 assessed valuation within the District by land use.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
2017-18 Assessed Valuation and Parcels by Land Use

	2017-18 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
Commercial	$2,207,813,442	20.01%	968	6.29%	968	6.65%
Vacant Commercial	30,125,463	0.27	118	0.77	113	0.78
Industrial	211,121,055	1.91	168	1.09	168	1.15
Vacant Industrial	5,828,108	0.05	21	0.14	19	0.13
Miscellaneous/ Tax-exempt	21,400,164	0.19	795	5.17	55	0.38
Subtotal Non-Residential	$2,476,288,232	22.44%	2,070	13.45%	1,323	9.09%
Residential:						
Single Family Residence	$6,323,536,245	57.31%	9,047	58.80%	9,044	62.16%
Vacant Single Family Residential	55,307,397	0.50	559	3.63	476	3.27
Condominium/Townhome	961,574,776	8.71	2,532	16.46	2,532	17.40
Mobile Home	16,483	0.00	2	0.01	2	0.01
Multiple Residential	1,213,250,963	11.00	1,154	7.50	1,152	7.92
Vacant Multiple Family Residential	4,386,778	0.04	23	0.15	20	0.14
Subtotal Residential	$8,558,072,642	77.56%	13,317	86.55%	13,226	90.91%
Total	$11,034,360,874	100.00%	15,387	100.00%	14,549	100.00

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

The table below presents the 2017-18 largest local secured taxpayers within the District.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Largest 2017-18 Local Secured Taxpayers

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total [(1)]
1.	California Corporate Center Acquisition	Commercial	$ 261,000,911	2.37%
2.	RPR Larkspur Owner LLC	Apartments	111,695,008	1.01
3.	JPPF Larkspur Landing Office Park	Commercial	83,640,000	0.76
4.	Teachers Insurance & Annuity Association	Residential Properties	75,091,390	0.68
5.	Marin Country Mar LLC	Commercial	72,295,816	0.66
6.	South Valley Apartments LLC	Commercial	53,045,451	0.48
7.	BRE Piper MF 33 North CA LLC	Residential Properties	46,565,701	0.42
8.	Barbara Fasken 1995 Trust	Commercial	43,324,046	0.39
9.	Marin Sanitary Service	Commercial	41,511,018	0.38
10.	1700 California Street Owners LLC	Commercial	41,220,765	0.37
11.	Target Corporation	Commercial	37,656,772	0.34
12.	Marin Hotel Owner LLC	Commercial	33,655,375	0.31
13.	Sutter Health	Commercial	33,150,000	0.30
14.	SFF MEC LLC	Commercial	32,743,333	0.30
15.	Marina Village Associates LLC	Commercial	29,567,299	0.27
16.	Civic Center Marin LLC	Commercial	28,574,064	0.26
17.	Bel Albert Holdings LLC	Apartments	28,471,437	0.26
18.	Francisco Boulevard Investors LLC	Commercial	27,670,669	0.25
19.	Montecito Market Place Associates	Commercial	25,740,844	0.23
20.	Home Depot USA Inc.	Commercial	24,552,563	0.22
			$1,131,172,462	10.25%

(1) 2017-18 local secured assessed valuation: $11,034,360,874.
Source: California Municipal Statistics, Inc.

The top 20 taxpayers (on the secured roll) for 2017-18 account for 10.25% of the total secured assessed value in the District which is $11,034,360,874. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2017-18 was California Corporate Center Acquisition, accounting for 2.37% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 1.01% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

Tax Rates

The following table sets forth typical tax rates levied in a Tax Rate Area in the County within the District for fiscal years 2013-14 through 2017-18:

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation
(TRA 8-0008[1])

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
San Rafael City High School District	.0294	.0273	.0266	.0502	.0365
San Rafael City Elementary School District	.0551	.0474	.0462	.0743	.0706
Marin Community College District	.0204	.0180	.0165	.0142	.0338
Marin Healthcare District	--	--	.0235	.0093	.0201
Total	1.1049%	1.0927%	1.1128%	1.1480%	1.1610%

(1) The 2017-18 assessed valuation of TRA -000 is $5,696,938,373.

Source: California Municipal Statistics, Inc.

Teeter Plan

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

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

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

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

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

Secured Tax Charges and Delinquencies

The following table sets forth secured tax charges and delinquency information for the District for fiscal years 2000-01 through 2016-17. Because the County has implemented the Teeter Plan, the District receives 100% of its secured tax charges.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2000-01 through 2016-17

	Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
2000-01	$337,293.92	$4,726.95	1.40%
2001-02	310,647.63	4,109.35	1.32
2002-03	833,446.54	11,368.16	1.36
2003-04	2,705,316.55	26,304.37	0.97
2004-05	3,018,111.33	29,764.58	0.99
2005-06	3,092,968.74	39,489.68	1.28
2006-07	3,181,488.33	60,753.73	1.91
2007-08	3,292,104.61	82,118.90	2.49
2008-09	3,550,346.42	123,180.59	3.47
2009-10	3,643,717.80	94,792.58	2.60
2010-11	3,968,607.67	71,706.31	1.81
2011-12	3,984,347.59	49,643.16	1.25
2012-13	3,656,159.14	33,784.12	0.92
2013-14	4,828,674.81	42,737.78	0.89
2014-15	4,374,750.55	33,312.10	0.76
2015-16	4,527,608.38	28,944.02	0.64
2016-17	7,754,829.25	53,336.90	0.69

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

Direct and Overlapping Debt

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

The following table is a statement of the District's direct and estimated overlapping bonded debt as of June 1, 2018:

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2017-18 Assessed Valuation: $11,413,700,032

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/1/18	
Marin Community College District	15.337%	$ 47,554,669	
San Rafael City High School District	69.653	44,076,638	
San Rafael City Elementary School District	**100.000**	**63,724,158**	(1)
Marin Healthcare District	18.449	69,873,743	
Twin Cities Police Authority Community Facilities District No. 2008-1	9.042	1,502,800	
Marin Emergency Radio Authority Measure A	15.315	5,053,950	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$231,785,958	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County General Fund Obligations	15.315%	$13,456,211	
Marin County Pension Obligation Bonds	15.315	13,864,670	
Marin County Transit District General Fund Obligations	15.315	13,924	
Marin Municipal Water District General Fund Obligations	19.535	14,450	
Marin Community College District General Fund Obligations	15.337	1,486,283	
San Rafael City Elementary School District Certificates of Participation	**100.000**	**3,275,000**	
City of Larkspur General Fund Obligations	12.745	292,584	
City of San Rafael General Fund and Pension Obligation Bonds	74.193	41,657,823	
Twin Cities Police Authority General Fund Obligations	6.982	20,335	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$74,081,280	
Less: City of San Rafael General Fund Obligations supported by enterprise revenues		3,839,488	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$70,241,792	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$11,344,004	
GROSS COMBINED TOTAL DEBT		$317,211,242	(2)
NET COMBINED TOTAL DEBT		$313,371,754	

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

Ratios to 2017-18 Assessed Valuation:

Direct Debt ($63,724,158)	**0.56%**
Total Direct and Overlapping Tax and Assessment Debt	2.03%
Combined Direct Debt ($66,999,158)	**0.59%**
Gross Combined Total Debt	2.78%
Net Combined Total Debt	2.75%

Ratio to Redevelopment Incremental Valuation ($2,831,146,323):

Total Overlapping Tax Increment Debt	0.40%

Source: California Municipal Statistics, Inc.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and Constitutional requirements, and required to be levied

by the County on all property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") was initially implemented in fiscal year 2013-14 and has subsequently been implemented in stages with full implementation expected in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system described below.

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

The primary component of AB 97, as amended by SB 91, is the implementation of the LCFF, which replaces the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations will be provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment is required to be calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The initial Base Grants per unit of ADA for each grade span were as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

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

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

The following table sets forth the ADA by grade span, enrollment and the percentage of EL/LI enrollment for fiscal year 2013-14 through 2017-18 with projections for fiscal years 2018-19 and 2019-20.

ADA, ENROLLMENT AND ENGLISH LANGUAGE/LOW INCOME ENROLLMENT
Fiscal Years 2013-14 through 2019-20
San Rafael City Elementary School District

	ADA			Enrollment	
Fiscal Year	K-3	4-6	7-8	Total Enrollment	% of EL/LI Enrollment
2013-14	2,184.47	1,416.63	794.66	4,509	66.45%
2014-15	2,207.71	1,459.80	813.81	4,635	67.11
2015-16	2,227.29	1,500.17	884.60	4,749	66.88
2016-17	2,179.78	1,536.95	900.93	4,758	67.33
2017-18	2,167.82	1,491.50	919.53	4,730	68.10
2018-19[1]	2,126.30	1,501.19	902.79	4,693	68.72
2019-20[1]	2,087.56	1,504.40	907.96	4,667	68.67

[1] Projected.
Source: San Rafael City Elementary School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

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

a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

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

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

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

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

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

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

Revenue Limit Funding System. Prior to the implementation of the LCFF, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit (described below) per unit of ADA. Generally, such apportionments amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts (i.e., unified, high school or elementary). State law also provided for State support of specific school related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

Revenue Sources

The District categorizes its general fund revenues into four sources:

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
District Revenue Sources

	Percentage of Total District General Fund Revenues				
Revenue Source	2014-15	2015-16	2016-17	2017-18[(1)]	2018-19[(2)]
LCFF sources	72.4%	74.5%	73.0%		
Federal revenues	4.9	4.6	5.0		
Other State revenues	6.3	6.0	8.8		
Other local revenues	16.4	14.9	13.1		

(1) Based on Estimated Actual Results.
(2) Budgeted.
Source: San Rafael City Elementary School District.

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

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

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

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes

such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material.

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

Parcel Tax. A parcel tax was initially approved by the voters of the District in 1989, and was renewed on May 7, 2013 for eight additional years. Pursuant to the May 7, 2013 ballot measure, the parcel tax was set at $203.70 per parcel per year. The parcel tax took effect in fiscal year 2013-14, and is subject to a five percent annual cost of living increase. The current parcel tax amount is $260.00 per parcel per year. Property owners who are 65 years and older are eligible, upon application, for an exemption from the parcel tax. In fiscal year 2018-19, the parcel tax is projected to generate approximately $3,187,000.

Developer Fees

The District currently collects impact fees ("Developer Fees) pursuant to Education Code Section 17620 on residential housing in the amount of $2.32 per square foot and on commercial and industrial development in the amount of $0.37 per square foot. For fiscal years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17, the District received $103,800, $100,450, $238,328, $107,971 and $107,007 in developer fees respectively.

District Investments

The Marin County Treasurer-Tax Collector (the "County Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the County Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally. For further information about Pooled Investment Fund, see "THE MARIN COUNTY POOLED INVESTMENT FUND".

Budget Procedures

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single

budget is only readopted if it is disapproved by the county office of education, or as needed. The District adopts its budget on or before July 1.

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

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

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

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

The table on the following page sets forth the budgets as compared to the audited actual results of the District for fiscal years 2014-15, 2015-16 and 2016-17 and the Adopted Budget as compared to the estimated actuals for fiscal year 2017-18 as well as the Adopted Budget for 2018-19.

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

	Adopted Budget 2014-15[1]	Audited Actuals 2014-15[1]	Adopted Budget 2015-16[2]	Audited Actuals 2015-16[1]	Adopted Budget 2016-17[1]	Audited Actuals 2016-17[1]	Adopted Budget 2017-18[2]	Estimated Actuals 2017-18[4]	Adopted Budget 2018-19[4]
REVENUES									
LCFF	$31,653,666	$32,304,523	$37,828,916	$27,752,709	$40,390,108	$40,356,337	$41,812,831		
Federal Sources	2,473,672	2,182,844	2,540,773	1,731,269	3,042,647	2,792,119	1,999,013		
Other State Sources	2,197,963	2,796,252	4,801,416	2,208,794	3,170,694	4,882,250	3,819,937		
Other Local Sources	6,586,660	7,313,861	6,430,708	5,578,147	7,106,310	7,267,534	6,971,632		
Total Revenues	42,911,961	44,597,480	51,601,813	37,270,919	53,709,759	55,298,240	54,603,413		
EXPENDITURES									
Certificated Salaries	19,631,715	20,134,841	21,409,708	17,740,405	22,931,621	23,567,217	23,410,367		
Classified Salaries	4,989,920	4,837,041	5,370,314	4,053,441	6,257,847	5,789,247	6,370,573		
Employee Benefits	7,658,920	6,977,820	8,340,920	6,551,295	9,582,261	10,386,797	11,553,469		
Books & Supplies	1,963,532	1,969,808	3,267,773	1,438,810	4,504,114	2,725,397	2,140,639		
Services & Other Operating Expenses	8,572,898	8,359,742	9,378,405	6,488,314	10,178,160	9,118,022	8,609,447		
Capital Outlay	60,000	273,470	65,000	46,521	407,975	294,665	1,134,850		
Other Outgo[3]	485,486	326,585	497,544	623,166	951,887	677,598	1,062,444		
Total Expenditures	43,362,471	42,879,307	48,329,664	36,941,952	54,813,865	52,558,943	53,317,490		
Excess (Deficiency) of Revenues Over Expenditures	(450,510)	1,718,173	3,272,149	328,967	(1,104,106)	2,739,297	1,285,923		
Other Financing Sources (Uses)									
Interfund Transfers In	20,000	20,000	20,000	20,000	20,000	20,000	20,000		
Interfund Transfers Out	(460,082)	(1,040,082)	(910,082)	(300,082)	(1,070,377)	(1,070,445)	(1,042,185)		
Proceeds from Capital Leases	--	73,663	--	--	--	--	--		
Net Financing Sources (Uses)	(440,082)	(946,419)	(890,082)	(280,082)	(1,050,377)	(1,050,445)	(1,022,185)		
NET CHANGE IN FUND BALANCES	(890,592)	771,754	2,382,067	48,885	(2,154,483)	1,688,852	263,738		
Fund Balances, July 1	9,449,047	9,449,047	10,220,801	9,243,202	14,309,541	14,309,541	10,984,655		
Fund Balances, June 30	$8,558,455	$10,220,801	$12,602,868	$9,292,087	$12,155,058	$15,998,393	$11,248,393		

[1] From the District's comprehensive audited financial statements for fiscal years 2014-15 through 2016-17, respectively.
[2] From the District's Adopted Budget for fiscal year 2017-18, approved by the Board on June 28, 2017.
[3] Combines Other Outgo categories, including Debt Service and Intergovernmental Transfers, for presentation purposes.
[4] From the District's Adopted Budget for fiscal year 2018-19 approved by the Board on [June 27, 2018]

Source: San Rafael City Elementary School District.

Financial Statements of the District

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Certain information from the District's financial statements follows. The audited financial statements for the District for the 2016-17 fiscal year are attached hereto as APPENDIX C. The District has not requested, and its auditors have not provided, any review or update to such audited financial statements. The District's audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District at 310 Nova Albion Way, San Rafael, California 94903 . The District may impose a charge for copying, mailing and handling.

The general fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board. The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the Chief Business Official for the District and audited by independent certified public accountants each year. The District's audited financial statements for fiscal year ended June 30, 2017 are attached hereto as APPENDIX C.

The following table describes the District's audited financial results for fiscal years 2013-14 through 2016-17.

AUDITED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES[(1)]
Fiscal Years 2013-14 through 2016-17
San Rafael City Elementary School District

	2013-14	2014-15	2015-16	2016-17
REVENUES				
LCFF	$28,439,945	$32,304,522	$38,220,901	$40,621,337
Federal sources	1,800,217	2,182,844	2,578,714	2,792,119
Other state sources	3,381,834	3,831,620	6,313,567	4,882,250
Other local sources	7,111,332	7,315,421	6,845,140	7,278,408
Total Revenues	40,733,328	45,634,407	53,958,322	55,574,114
EXPENDITURES				
Current:				
Instruction	24,566,865	27,356,994	29,807,052	32,633,550
Instruction-related services:				
Supervision of instruction	2,641,008	3,314,552	4,115,670	4,409,607
Instructional library, media and technology	426,258	522,477	523,621	578,855
School site administration	2,387,000	2,795,815	3,047,285	3,248,684
Pupil support services:				
Home-to-school transportation	1,241,170	1,217,806	1,788,301	1,926,537
Food services	--	--	--	896
All other pupil services	1,910,643	2,035,464	1,985,857	2,226,587
Community services	74,270	53,297	75,000	72,843
General administration services:				
Data processing services	576,933	435,584	366,690	430,436
Other general administration	1,854,823	2,083,101	2,344,729	2,221,328
Plant services	3,526,543	3,722,839	3,845,975	4,046,130
Transfers of indirect costs	(68,179)	(86,838)	(111,708)	(104,567)
Facility acquisition and construction	--	--	--	--
Ancillary services	--	--	--	--
Capital Outlay	240,926	111,129	84,274	369,679
Intergovernmental transfers	476,826	405,902	547,055	652,315
Debt service - principal	12,237	7,021	144,221	24,663
Debt service - interest	748	500	162,295	620
Total Expenditures	39,868,071	43,975,643	48,726,317	52,738,163
Excess (Deficiency) of Revenues Over (Under) Expenditures	865,257	1,658,764	5,232,005	2,835,951
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	123,579	20,000	20,000	20,000
Interfund transfers out	--	(305,082)	(310,082)	(310,150)
Proceeds from capital leases	--	73,663	--	--
Total Other Financing Sources and Uses	123,579	(211,419)	(290,082)	(290,150)
Net Change in Fund Balance	988,836	1,447,345	4,941,923	2,545,801
Fund Balance , July 1, as originally stated	9,398,832	10,387,668	11,835,013	16,776,936
Fund Balance , June 30	$10,387,668	$11,835,013	$16,776,936	$19,322,737

(1) From the District's comprehensive audited financial statements for fiscal years 2013-14 through 2016-17, respectively.
Source: San Rafael City Elementary School District.

State Budget Measures

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriter, Bond and Disclosure Counsel nor the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, Bond and Disclosure Counsel nor the Underwriter assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also applies to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two–thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

2017-18 State Budget. On June 27, 2017, Governor Brown signed the budget for the State for fiscal year 2017-18 (the "2017-18 State Budget"). For the 2016-17 fiscal year, the 2017-18 State Budget increased revenues and transfers to $118.5 billion (up $3 billion from the 2016-17 State Budget) and revised expenditures downward approximately $1.1 billion from the 2016-17 State Budget to $121.4 billion.

For 2017-18, the 2017-18 State Budget included general fund revenues and transfers of $125.9 billion and expenditures of $125.1 billion with a $1.8 billion deposit to the Rainy Day Fund to bring the Rainy Day Fund balance to $8.5 billion. A supplemental payment to PERS of $6 billion through a loan from the Surplus Money Investment Fund was intended to reduce PERS' unfunded liabilities and stabilize the State's contribution rate to PERS. The 2017-18 State Budget expanded the Earned Income Tax Credit by including self- employed individuals and expanding the income ranges for which the credit applies. Additionally, the 2017-18 State Budget implemented the Road Repair and Accountability Act of 2017 aimed at investing in transportation infrastructure repair and modernization.

With respect to K-12 education, total spending was projected to be $92.5 billion in 2017-18. The Proposition 98 minimum funding guarantee for 2017-18 was increased by $2.6 billion over the 2016-17 State Budget level to $74.5 billion. LCFF funding under the 2017-18 State Budget was increased by $1.4 million bringing the LCFF to approximately 97% of full funding.

Significant provisions of the 2017-18 State Budget affecting K-12 education were as follows:

- One-Time Discretionary Grants — $877 million Proposition 98 funds provided school districts, county offices of education, and charter schools with discretionary resources for deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards.

- After School and Education Safety (ASES) Program — $50 million Proposition 98 funds increased provider reimbursement rates for the ASES program.

- California Educator Development Program — $11.3 million one-time federal Title II funds assisted local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools.

- Classified School Employees Credentialing Program — $25 million one-time Proposition 98 funds, available for five years, supported recruitment of non-certificated school employees to participate in a teacher preparation program and become certificated classroom teachers.

- Bilingual Professional Development Program — $5 million one-time Proposition 98 funds for one time competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.

- Charter School Facility Grant Program — An increase in the per student funding rate to $1,117 for the 2017-18 fiscal year and an ongoing COLA.

- County Office of Education Accountability Assistance — $7 million Proposition 98 funds to support county office LCAP review and technical assistance workload.

- California Equity Performance and Improvement Program — An increase of $2.5 million one-time Proposition 98 funds to support and promote equity.

- Refugee Student Support — $10 million one-time Proposition 98 General funds provided services for refugee students transitioning to a new learning environment.

- California-Grown Fresh School Meals Grants — $1.5 million one-time Proposition 98 funds incentivized the purchase of California-grown food by schools and expand the number of freshly prepared school meals.

- District of Choice Program Extension — A six-year extension of the District of Choice program (set to sunset in 2018) and additional oversight and accountability requirements.

Proposed 2018-19 State Budget. On January 10, 2018, Governor Brown announced his proposed budget for the State for fiscal year 2018-19 (the "Proposed 2018-19 State Budget"). Under the Proposed 2018-19 State Budget, revenues and transfers for 2017-18 are approximately $127 billion, an increase of approximately $1.1 billion over the 2017-18 State Budget as a result of increased personal income tax and sales tax receipts over projections. Expenditures in 2017-18 will total approximately $126.5 billion. The Proposed 2018-19 State Budget forecasts resources for 2018-19 at approximately $129.7 billion with $131 billion of expenditures. The Proposed 2018-19 State Budget prioritizes continued implementation of existing programs and fiscal prudence as economic conditions remain stable. The Proposed 2018-19 State Budget would make a supplemental transfer to the Rainy Day Fund of $3.5 billion (in addition to the $1.5 billion required deposit) to bring the Rainy Day Fund to maximum funding in order to mitigate possible future economic recession.

With respect to K-12 education, the Proposed 2018-19 State Budget includes record Proposition 98 funding of $78.3 billion, including $1.8 billion of discretionary one-time funds. Total per pupil funding from all sources is projected to reach $16,085 in 2018-19 (including certain settle-up payments) with Proposition 98 per pupil funding totaling $11,614, an increase of $465 over 2017-18. With respect to LCFF, the Proposed 2018-19 State Budget includes $3 billion to bring the LCFF to full funding two years earlier than initially projected.

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

- K-12 Component of the Strong Workforce Program—$212 million Proposition 98 Funds for K-12 CTE programs administered through the community college Strong Workforce Program in consultation with the Department of Education.

- COLA—$133.5 million Proposition 98 Funds to support a 2.51% COLA for categorical programs outside of the LCFF, including Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- Special Education—$125 million Proposition 98 Funds and $42.2 million federal Temporary Assistance for Needy Families (TANF) funds on a one-time basis for competitive grants to expand inclusive care and education settings for 0-5 year olds and improve school readiness and long-term academic outcomes for low-income children and children with exceptional needs.

- State System of Support—$59.2 million Proposition 98 Funds for county offices of education and lead county offices of education to provide technical assistance to local educational agencies.

- California Collaborative for Educational Excellence ("CCEE")—$6.5 million Proposition 98 Funds for the CCEE to help build capacity within county offices of education to provide technical assistance and improve student outcomes and $11.3 million Proposition 98 Funds for the CCEE to work with county offices of education to provide assistance to school districts.

- County Offices of Education—$55.2 million Proposition 98 Funds to help county offices of education facilitate the improvement of school districts identified as being in need of differentiated assistance.

- SELPAS—$10 million ongoing Proposition 98 Funds for SELPAs to work with county offices of education to provide technical assistance to local educational agencies to improve student outcomes.

- Special Education Teachers—$100 million to increase and retain special education teachers.

- Early Education and Care—$167 million to increase the availability of inclusive early education and care for children aged 0 to 5 years old, especially in low-income areas and in areas with relatively low access to care.

- Educator Effectiveness Block Grant—$490 million one-time Proposition 98 Funds to support educator professional development.

- Classified School Employee Credentialing Grant Program—$45 million one-time Proposition 98 Funds to support at least 2,250 classified employees electing to become certificated classroom teachers.

- Integrated Teacher Preparation Program—$10 million one-time non-Proposition 98 Funds to create pathways that allow university students to graduate with a bachelor's degree and a preliminary teaching credential within four years.

- California Educator Development Grant Program—$9 million one-time federal Title II funds for competitive grants that assist local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high-need subjects and schools.

- California Center on Teaching Careers—$5 million one-time Proposition 98 Funds to support statewide teacher recruitment and retention efforts.

- Bilingual Educator Professional Development Grant Program—$5 million one-time Proposition 98 Funds for competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.

- CalWORKs Stage 2 and Stage 3 Child Care—$5.2 million non-Proposition 98 Funds to reflect slight increases in the number of CalWORKs child care cases and slight decreases in the estimated cost of care.

May Revision to Proposed 2018-19 State Budget. Governor Brown announced his May revisions to the Proposed 2018-19 State Budget (the "May Revision") on May 11, 2018 forecasting receipt of $8 billion additional revenue through 2018-19 over the Proposed 2018-19 State Budget. Increased personal income tax, sales tax and corporate tax receipts contribute to the increase. Total general fund revenues and transfers are $129.8 billion and $133.5 billion in 2017-18 and 2018-19, respectively, under the May Revision. The May Revision directs a portion of the increase in resources to one-time spending for infrastructure, homelessness and mental health. In addition, the May Revision fully funds the Rainy Day Fund, consistent with the Proposed 2018-19 Proposed State Budget, and makes an additional deposit to the State's traditional reserve fund.

The May Revision increases funding for K-12 education for total funding of $96.2 billion. The LCFF is still targeted to reach full funding under the May Revision with an increase of $320 million over the Proposed 2018-19 State Budget which will fund the statutory COLA of 2.71% and increase base funding in the amount of $166 million. The May Revision also increases Prop 98 one-time funds from $1.8 billion included in the Proposed 2018-19 State Budget to just over $2 billion.

Significant provisions of the May Revision relating to K-12 education are as follows:

- Community Engagement Initiative—$13.3 million one-time Proposition 98 funds to create the Community Engagement Initiative. This program will utilize the statewide system of support to build the capacity of school districts to engage more effectively with local communities, specifically in the development of the Local Control and Accountability Plan (LCAP), with a focus on improving student outcomes.

- English Language Proficiency Assessments—$27.3 million one-time Proposition 98 funds to convert the English Language Proficiency Assessment for California ("ELPAC") from a paper-

based to a computer-based assessment, and to develop a computer-based alternative ELPAC for children with exceptional needs.

- Charter School Facility Grant Program—$21.1 million one-time Proposition 98 funds in 2017-18 and a decrease of $3.6 million Proposition 98 General Fund in 2018-19 to align available funding with estimated program participation.

- Federal Restart Grant—$13.9 million one-time federal funds to assist local educational agencies with expenses related to reopening schools impacted by the Northern California and Southern California wildfires of October and December 2017.

- Early Math Initiative—$11.8 million one-time federal funds to support additional early math resources, including professional learning and coaching for educators, as well as additional math learning opportunities for pre-K through grade 3 children.

- California Collaborative for Educational Excellence—$5 million Proposition 98 funds to align resources with updated estimated costs of services to be provided by the Collaborative in 2018-19.

- Local Property Tax Adjustments—$137.2 million Proposition 98 funds in 2017-18 and $278.1 million Proposition 98 funds in 2018-19 for school districts, special education local plan areas, and county offices of education to offset lower property tax revenues.

- Fire-Related Property Tax Backfill—$12.3 million Proposition 98 funds in 2017-18 and $17.8 million Proposition 98 funds in 2018-19 to backfill lost property tax revenue for K-12 schools impacted by last fall's wildfires.

- MTSS—$15 million one-time Proposition 98 funds to expand the state's Multi-Tiered Systems of Support framework to foster positive school climate in academic and behavioral areas.

- Average Daily Attendance—$46.8 million Proposition 98 funds in 2017-18 and $42.6 million Proposition 98 General Fund in 2018-19 for school districts, charter schools, and county offices of education under the LCFF as a result of increased caseload costs in the 2016-17 fiscal year.

The final State budget for fiscal year 2018-19, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Proposed 2018-19 State Budget and the May Revision. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2018-19 State budget from the Proposed 2018-19 State Budget and the May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2018-19 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2018-19 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

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

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

Recent California Drought Conditions and Wildfires. Water shortfalls resulting from the driest conditions in recorded State history caused Governor Brown, on January 17, 2014, to declare a State-wide Drought State of Emergency for California and directed State officials to take all necessary actions to prepare for water shortages. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. Subsequent executive orders and Water Board regulations imposed reductions on water usage in response to the drought conditions. On April 7, 2017, the Governor announced the end of the State-wide drought in all but four counties in California but extended conservation measures indefinitely in order to prepare California for fluctuations in water conditions and potential future drought conditions. Additionally, in 2017, certain portions of the State were effected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas.

The District cannot make any representation regarding the effects that a future drought or wildfires may have on the assessed value of taxable property within the District, or to what extent such events could cause disruptions to agricultural production, reduce land values, or adversely impact other economic activity within the boundaries of the District.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (a) on indebtedness approved by the voters prior to July 1, 1978, (b) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness and (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measured are included in the proposition. The tax for payment of the Bonds falls within the exception described in clause (c) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article XIIIA

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

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

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less

expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. The District estimates receipt of $678,520 for such aid in 2017-18. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted. See "DISTRICT FINANCIAL INFORMATION- State Budget Measures" herein.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in Rossi v. Brown by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond or a Mello-Roos Community Facilities District bond in the future, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or

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

Proposition 98

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual grade kindergarten to 14 ("K-14") funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, revised certain funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual cost of living adjustment ("COLA") for the minimum guarantee would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

***Calculating Minimum Funding Guarantee*.** There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Under implementing legislation (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth ("ADA") and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 88, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al*. The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

Proposition 1A and Proposition 22

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

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

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the

redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

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

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

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

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative ("Proposition 55") which extends the increase in personal income tax

on the high-income taxpayers imposed under Proposition 30 to 2030. Proposition 55 did not extend the sales and use tax increase imposed under Proposition 30 which expired at the end of 2016.

Proposition 51

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities. The District makes no representation that it will either pursue or qualify for Proposition 51 State facilities funding.

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

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

Proposition 2

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

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

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

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

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

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

The District is required to maintain a reserve for economic uncertainties at least equal to 3% of general fund expenditures and other financing uses. On June 30, 2017, the District had unassigned available reserves of $7,931,868. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 22, 26, 30, 39, 46 and 98 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 District's revenues or their ability to expend revenues.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on all property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

District Organization

The District was established in 1861 by the City Charter and provides kindergarten through eighth grade education services to students in a portion of the City, a portion of the city of Larkspur, the town of Ross and unincorporated territory in the County. The District operates ten schools including eight elementary schools providing kindergarten through fifth grade education services, one middle school providing sixth through eighth grade education services and a combined elementary/middle school providing kindergarten through eighth grade education services. The District's ADA for fiscal year 2017-18 was 4,578.85 students and the District had a 2017-18 total assessed valuation of $11,413,700,032. The audited financial statements for the District for the fiscal year ended June 30, 2017 are attached hereto as APPENDIX C.

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

BOARD OF EDUCATION

Name	Office	Term Expires December
Greg Knell	President	2020
Maika Llorens Gulati	Vice President	2020
Linda M. Jackson	Member	2020
Rachel Kertz	Member	2018
Natu Tuatagaloa	Member	2018

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

Key Personnel

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

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

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

District Employees

The District employs approximately 242 full-time equivalent certificated academic professionals as well as 116 full-time equivalent classified employees and 31 management, supervisor and confidential full-time equivalent employees.

The certificated employees have assigned San Rafael Teachers Association ("SRTA") as their exclusive bargaining agent and the contract between the District and SRTA expires on June 30, 2018.

The classified employees of the District have assigned the California School Employees Association ("CSEA") as their exclusive bargaining agent. The contract between the District and CSEA expires on June 30, 2018.

Insurance

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

The District participates in a joint venture under a joint powers agreement with the Marin Schools Insurance Authority ("MSIA"). MSIA arranges for and provides workers' compensation, property and liability, vision and dental insurance for its member district, including the District. MSIA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. The relationships between the District and MSIA is such that MSIA is not a component unit of the District for financial reporting purposes. See also APPENDIX B –SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2017– Note 8 hereto.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly

situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 14.43% of eligible salary expenditures in 2017-18 and 16.28% in 2018-19, while participants contribute either 10.25% or 9.205% (increasing to 10.205% as of July 1, 2018) of their respective salaries depending on their date of hire. The State also contributes to STRS, currently in an amount equal to 9.328% (increasing to 9.828% as of July 1, 2018) of teacher payroll. The State's contribution reflects a base contribution of 2.017%, a 2.5% contribution to the Supplemental Benefit Protection Account and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay in 2017-18. The State's total contribution has also increased from approximately 3% in fiscal year 2013-14 to 6.328% of payroll, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

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

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

The District contributed $1,510,320 to STRS for fiscal year 2013-14, $1,737,101 for fiscal year 2014-15, $2,232,314 for fiscal year 2015-16 and $2,875,872 for fiscal year 2016-17. Such contributions

were equal to 100% of the required contributions for the respective years. The District estimates a contribution of $3,545,613 for fiscal year 2017-18 and has budgeted a contribution of $4,028,940 for fiscal year 2018-19. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. During fiscal year 2017-18, the District is required to contribute to PERS at an actuarially determined rate, which is 15.531% of eligible salary expenditures for fiscal year 2017-18 and 18.062% for fiscal year 2018-19, while participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries and participants enrolled in PERS subsequent to January 1, 2013 contribute at an actuarially determined rate which is currently set at 6.50% (increasing to 7.0% as of July 1, 2018) of their respective salaries.

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

The District contributed $493,293 to PERS for fiscal year 2013-14, $593,985 for fiscal year 2014-15, $655,710 for fiscal year 2015-16 and $850,652 for fiscal year 2016-17, which amounts equaled 100% of required contributions to PERS. The District estimates a contribution of $983,259 for fiscal year 2017-18 and has budgeted a contribution of $1,290,232 for fiscal year 2018-19.

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

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

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

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$84,416	$60,865	($23,531)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	286,950	197,718	(107,261)

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

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

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

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are

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

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2017, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$32,352,400
PERS	6,952,022
Total	$39,304,422

Source: San Rafael City Elementary School District.

For further information about the District's contributions to STRS and PERS, see Note 11 in the District's audited financial statements for fiscal year ended June 30, 2017 attached hereto as Appendix C.

Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.* The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health and Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. The District provides Health and Welfare Benefits to qualified eligible employees and their spouses who retire from the District on or after attaining age 55 with at least 10 years of service to the District. The District pays the minimum monthly premium specified under PERS and the retiree pays the remaining premium amount. For certificated employees, the District also pays an additional $230 per month toward medical and dental benefits for five years after retirement or until age 65, whichever occurs first. As of July 1, 2017, 77 retirees and their beneficiaries were receiving Health and Welfare Benefits and 411 employees were active plan members.

The following table shows the components of the District's annual Health and Welfare Benefits cost for the year, the amount actually contributed to fund Health and Welfare Benefits, and changes in the District's net Health and Welfare Benefits as of June 30, 2017.

Annual required contribution	$918,393
Interest on net OPEB obligation	171,890
Adjustment to annual required contribution	(312,852)
Annual OPEB cost (expense)	777,431
Contributions made	(157,702)
Increase in net OPEB obligation	619,729
Net OPEB obligation – July 1, 2016	4,911,156
Net OPEB obligation – June 30, 2017	5,530,885

Source: San Rafael City Elementary School District..

The District's funding policy for Health and Welfare Benefits is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits determined annually by the Board. During the fiscal years ended June 30, 2014, June 30, 3015, June 30, 2016 and June 30, 2017, the District recognized $78,316, $89,642, $97,185 and $157,702 in expenditures for post-employment healthcare benefits, respectively. The District has completed an actuarial study of its Health and Welfare Benefits dated January 1, 2016. Based on that study, the District's Annual Required Contribution is $918,393 and its unfunded actuarial accrued liability was $6.1 million. The District had not set aside any amounts to fund its Health & Welfare Benefits.

FUNDED STATUS
OTHER POST-EMPLOYMENT BENEFITS

Fiscal Year Ended (June 30)	Annual OPEB Cost	Percentage Contribution	Net OPEB Obligation
2015	$795,234	11.3%	$4,237,200
2016	771,141	12.6	4,911,156
2017	777,431	20.3	5,530,885

Source: San Rafael City Elementary School District.

District Debt Structure

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Balance Due In One Year
General Obligation Bonds					
Principal payments	$72,551,221	--	$2,880,935	$69,670,286	$5,946,131
Accreted interest	18,711,359	$2,165,266	1,169,065	19,707,560	1,328,869
Unamortized premium	3,409,054	--	190,821	3,218,233	190,821
Certificates of Participation	3,530,000	--	125,000	3,405,000	130,000
Capitalized lease obligations	43,455	--	24,663	18,792	18,792
Net OPEB Obligation	4,911,156	619,729	--	5,530,885	--
Compensated absences	137,323	154,073	--	291,396	--
Total Long-Term liabilities	$103,293,568	$2,939,068	$4,390,484	$101,842,152	$7,614,613

Source: San Rafael City Elementary School District.

General Obligation Bonds. On December 7, 1999, there was submitted to and approved by the requisite two-thirds or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $26,000,000 (the "1999 Authorization"). Pursuant to the 1999 Authorization, on June 22, 2000, the County issued on behalf of the District $6,496,509.95 of the District's1999 General Obligation Bonds, Series A (the "1999 Series A Bonds"), on July 25, 2002, the County issued on behalf of the District $9,500,000 of the District's Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds") and on July 11, 2003, the County issued on behalf of the District $10,000,000 of the District's Election of 1999 General Obligation Bonds, Series C (the "1999 Series C Bonds).

On November 5, 2002 there was submitted to and approved by the requisite 55% or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $49,300,000 (the "2002 Authorization"). Pursuant to the 2002 Authorization, on August 6, 2003, the County issued on behalf of the District $10,000,000 of the District's Election of 2002 General Obligation Bonds, Series A (the "2002 Series A Bonds"), on July 14, 2004, the County issued on behalf of the District $29,996,224.90 of the District's Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds") and on July 28, 2005, the County issued on behalf of the District $9,300,566.35 of the District's Election of 2002 General Obligation Bonds, Series C (the "2002 Series C Bonds").

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

Pursuant to the Authorization, on November 3, 2015, voters of the District approved the issuance of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $108,225,000. On March 10, 2016, the District issued its $25,000,000 Election of 2015 General Obligation Bonds, Series A pursuant to the Authorization. The Bonds are the second series of bonds issued pursuant to the Authorization. Subsequent to the issuance of the Bonds, $43,225,000* aggregate principal amount of general obligation bonds will remain for issuance pursuant to the Authorization

* Preliminary; subject to change.

Certificates of Participation On September 29, 2005, the District executed and delivered $4,500,000 principal amount of its Certificates of Participation (the "Certificates") for providing additional funds for school modernization. As of June 30, 2017, the principal outstanding on the Certificates was $3,405,000, and the debt service due on the Certificates was as follows:

ANNUAL DEBT SERVICE - CERTIFICATES OF PARTICIPATION
As of June 30, 2015
San Rafael City Elementary School District

Year Ending (August 1)	Principal	Interest	Total
2018	$130,000.00	$149,290.00	$279,290.00
2019	135,000.00	143,990.00	278,990.00
2020	140,000.00	138,420.00	278,420.00
2021	145,000.00	132,468.75	277,468.75
2022	150,000.00	126,162.50	276,162.50
2023	160,000.00	119,417.50	279,417.50
2024	165,000.00	112,267.50	277,267.50
2025	170,000.00	104,812.50	274,812.50
2026	180,000.00	96,937.50	276,937.50
2027	185,000.00	88,725.00	273,725.00
2028	195,000.00	80,175.00	275,175.00
2029	205,000.00	71,175.00	276,175.00
2030	215,000.00	61,725.00	276,725.00
2031	225,000.00	51,684.38	276,684.38
2032	235,000.00	41,046.88	276,046.88
2033	245,000.00	29,946.88	274,946.88
2034	255,000.00	18,384.38	273,384.38
2035	270,000.00	6,243.75	276,243.75
Total	3,405,000.00	$1,572,872.52	$4,977,872.52

Source: San Rafael City Elementary School District.

Capital Leases

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

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

Source: San Rafael City Elementary School District. .

THE MARIN COUNTY POOLED INVESTMENT FUND

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

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

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

MARIN COUNTY
POOLED INVESTMENT FUND
MONTHLY REPORT AS OF ____, 2018

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

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

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 9 months following the end of the District's fiscal year (currently ending June 30), commencing with the Annual Report for the 2017-18 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth below under the caption "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

LEGAL MATTERS

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

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinion respecting the Bonds is included in APPENDIX A. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

Interest on the Bonds owned by a corporation (other than an S corporation, a regulated investment company, a real estate investment trust, or a real estate mortgage investment conduit) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation for taxable years beginning prior to January 1, 2018.

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

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or

Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

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

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

original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

LEGALITY FOR INVESTMENT

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

RATING

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

UNDERWRITING

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

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

NO LITIGATION

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

OTHER INFORMATION

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

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

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

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

[Date of Delivery]

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

Re: $_____ San Rafael City Elementary School District Election of 2015 General Obligation Bonds, Series B

Ladies and Gentlemen:

We have acted as bond counsel for San Rafael City Elementary School District, County of Marin, State of California (the "District"), in connection with the issuance by the District of $_____ aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series B (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended and that certain resolution adopted by the Board of Education of the District on _____, 2018 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds

and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

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

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. However, interest on the Bonds owned by a corporation (other than an S corporation, a regulated investment company, a real estate investment trust, or a real estate mortgage investment conduit) will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation for taxable years beginning prior to January 1, 2018.

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

We express no opinion with respect to any federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

SELECTED INFORMATION REGARDING THE CITY OF SAN RAFAEL AND THE COUNTY OF MARIN

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

General

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

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

Population

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

CITIES OF THE COUNTY
AND THE COUNTY OF MARIN
Calendar Years 2013 through 2017

	2013	2014	2015	2016	2017
Belvedere	2,120	2,140	2,153	2,131	2,135
Corte Madera	9,243	9,324	9,345	9,625	10,039
Fairfax	7,369	7,418	7,433	7,533	7,534
Larkspur	12,089	12,218	12,371	12,325	12,351
Mill Valley	14,514	14,719	14,830	14,956	14,963
Novato	53,325	54,011	54,291	54,516	54,551
Ross	2,479	2,506	2,521	2,536	2,533
San Anselmo	12,622	12,771	12,845	12,982	13,000
San Rafael	59,430	60,162	60,507	60,661	60,651
Sausalito	7,075	7,152	7,212	7,234	7,226
Tiburon	9,293	9,416	9,484	9,647	9,648
Balance of County	67,669	68,457	68,806	69,116	69,255
County Total	257,228	260,294	261,798	263,262	263,886

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

Income

The following tables summarize personal income and per capita personal income for the County, the State of California and the United States since 2008.

PERSONAL INCOME
2008 through 2016
(Dollars in thousands)

Year	Marin County	State of California	United States
2008	$22,651,030	$1,616,530,437	$12,492,705,000
2009	20,810,155	1,560,649,328	12,079,444,000
2010	21,049,598	1,617,134,250	12,459,613,000
2011	23,009,440	1,727,433,579	13,233,436,000
2012	24,619,594	1,838,567,162	13,904,485,000
2013	25,045,431	1,861,956,514	14,068,960,000
2014	27,176,774	1,986,025,976	14,811,388,000
2015	29,227,230	2,133,664,158	15,547,661,000
2016	30,222,883	2,212,691,221	15,912,777,000

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

PER CAPITA PERSONAL INCOME[(1)]
2008 through 2016

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

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

Employment

The City, County and State civilian labor force figures are shown in the following table for the years 2013 through 2017, the most recent annual information available. The County figures are County-wide and may not necessarily reflect employment trends in the District.

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

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[2]
2013				
City of San Rafael	32,300	30,600	1,700	5.4%
Marin County	138,400	131,200	7,100	5.2
California	18,625,000	16,958,400	1,666,600	8.9
2014				
City of San Rafael	32,400	31,000	1,400	4.4
Marin County	139,100	133,100	5,900	4.3
California	18,758,400	17,351,300	1,407,100	7.5
2015				
City of San Rafael	32,500	31,300	1,200	3.7
Marin County	139,500	134,600	4,900	3.5
California	18,896,500	17,724,800	1,171,700	6.2
2016				
City of San Rafael	32,900	31,800	1,100	3.4
Marin County	140,300	135,700	4,600	3.3
California	19,093,700	18,048,800	1,044,800	5.5
2017				
City of San Rafael	32,000	30,900	1,100	3.3
Marin County	141,400	137,300	4,100	2.9
California	19,311,700	18,387,800	923,900	4.8

(1) Data reflects employment status of individuals by place of residence.
(2) Unemployment rate is based on unrounded data.
Source: March, 2017 Benchmark. California State Employment Development Department.

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Industry

Educational and health services is the largest employer in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2013 through 2017.

MARIN COUNTY
EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGES
2013 through 2017 by Class of Work

	2013	2014	2015	2016	2017
Agriculture total	400	400	300	300	300
Mining and logging	0	0	0	0	0
Construction	5,700	6,100	6,500	6,800	7,200
Manufacturing	2,900	3,500	4,000	4,500	4,900
Wholesale trade	2,400	2,800	2,600	2,500	2,500
Retail trade	13,900	14,300	14,200	14,400	14,600
Transportation, warehouse & utilities	1,100	1,200	1,300	1,300	1,300
Information	2,900	2,900	2,900	2,900	2,600
Finance	7,300	6,800	6,400	6,200	5,800
Professional and business services	18,600	18,000	18,000	18,000	17,500
Educational and health services	19,400	19,700	20,100	20,600	21,100
Leisure and hospitality	14,400	15,100	15,400	16,000	16,700
Other Services	5,200	5,200	5,200	5,500	5,800
Government	15,400	15,400	15,500	15,500	15,700
Non Agriculture Total	109,300	110,600	112,000	114,200	115,700

Source: California State Employment Development Department.

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Major Employers Within the City and the County

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

CITY OF SAN RAFAEL
2016 MAJOR EMPLOYERS

Employer	Employees
Kaiser Permanente	2,061
Autodesk, Inc.	719
San Rafael City Schools	700
Dominican University of California	456
City of San Rafael	454
Wells Fargo Bank	310
Bradley Real Estate	280
Community Action Marin	255
Buckelew Programs	240
Guide Dogs for the Blind	203
Ghilloti Bros.	175

Source: City of San Rafael Audited Financial Statements for fiscal year ended June 30, 2017.

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MARIN COUNTY
2017 MAJOR EMPLOYERS
(listed in alphabetical order by employer name)

Employer	Location	Industry
Autodesk Inc	San Rafael	Computer Programming Services
Bay Equity	Sausalito	Real Estate Loans
Bio Marin Pharmaceutical Inc	San Rafael	Laboratories-Research & Dev.
Bradley Real Estate	Belvedere Tiburon	Real Estate
Cagwin & Dorward Landscape	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges
Community Action Marin	San Rafael	Non-Profit Organizations
Corrections Department	San Quentin	Government Offices
Dominican University of Ca	San Rafael	Schools-Universities & Colleges
Extreme Pizza	San Rafael	Restaurant Management
Glassdoor Inc.	Mill Valley	Website Hosting
Kaiser Permanente San Rafael	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network Inc	San Rafael	Mental Health Services
Marin General Hospital	Greenbrae	Hospitals
Marin Independent Journal	San Rafael	Newspaper
Nordstrom	Corte Madera	Department Stores
Novato Medical	Novato	Clinics
Restoration Hardware Holdings	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	Government Offices
Sutter Health Facility	Novato	Hospitals
Township Building Svc Inc	Novato	Janitor Service
University of Ca Co-op extension	Novato	Schools- Universities
Westamerica Bancorporation	San Rafael	Holding Companies (bank)

Source: America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition. Employer information is provided by Infogroup, Omaha, NE, 800/555-5211. Â© 2017. All Rights Reserved. California Employment Development Department.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2010 through 2014 for the City and the County are shown in the following tables.

CITY OF SAN RAFAEL
BUILDING PERMITS AND VALUATIONS
2013 through 2017

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$26,228	$38,596			
Non-Residential	33,222	93,285			
Total	$59,450	$131,881			
Units					
Single Family	4	1			
Multiple Family	0	45			
Total	4	46			

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

MARIN COUNTY
BUILDING PERMITS AND VALUATIONS
2013 through 2017

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$244,886	$288,905			
Non-Residential	133,886	186,282			
Total	$378,772	$475,187			
Units					
Single Family	90	112			
Multiple Family	212	76			
Total	302	188			

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

Commercial Activity

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

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

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

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

Transportation

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

APPENDIX C

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by San Rafael City Elementary School District (the "District") in connection with the execution and delivery of $_____ aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on _____, 2018 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

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

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

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

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

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

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

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

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

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

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2018 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2018, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

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

(c) The Dissemination Agent shall:

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

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

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

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

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

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

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

(iii) outstanding District indebtedness;

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

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

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

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

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

SECTION 6. Reporting of Significant Events.

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

(i) Principal and interest payment delinquencies.

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

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

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

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

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes; or

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

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

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

(ii) Modifications of rights to Bondholders;

(iii) Optional, unscheduled or contingent Bond calls;

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

(v) Non-payment related defaults;

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

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or

specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

Dated: _____, 2018

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT

By:_____
Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Rafael City Elementary School District

Name of Issue: $_____ Election of 2015 General Obligation Bonds, Series B

Date of Issuance: _____, 2018

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2018. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER/DISSEMINATION AGENT]

By:_____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

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

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

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

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

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

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

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

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

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

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

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

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

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

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