PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2016

NEW ISSUE -- FULL BOOK-ENTRY

RATING: Moody's: "__"
See "RATING" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

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LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
(San Joaquin and Alameda Counties, California)
General Obligation Bonds
2016 Election, Series A

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

Authority and Purpose. The captioned bonds (the "Series A Bonds") are being issued by the Lammersville Joint Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on October 19, 2016 (the "Bond Resolution"). The Series A Bonds were authorized at an election of the registered voters of the District held on June 7, 2016, (the "2016 Authorization") which authorized the issuance of $56,000,000 principal amount of general obligation bonds to finance of school facilities, property and equipment of the District to the extent authorized under the 2016 Authorization, as described herein. The Series A Bonds are the first series of bonds to be issued under the 2016 Authorization. See "THE SERIES A BONDS – Authority for Issuance" and "– Purpose of Issue; Financing Plan."

Security. The Series A Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes levied and collected by San Joaquin and Alameda Counties (collectively, the "Counties"). The Boards of Supervisors of the Counties have the power and are obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series A Bonds. See "SECURITY FOR THE SERIES A BONDS."

Redemption. The Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE SERIES A BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Book-Entry Only. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series A Bonds. See "THE SERIES A BONDS – Book-Entry Only System."

Payments. The Series A Bonds are dated the date of delivery and are being issued as current interest bonds. The Series A Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2017. Payments of principal of and interest on the Series A Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds. See "THE SERIES A BONDS."

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Series A Bonds and, if a commitment is issued to insure the Series A Bonds, will determine prior to the sale of the Series A Bonds whether to obtain such insurance. See "BOND INSURANCE."

MATURITY SCHEDULE
(see inside front cover)

This cover page contains information for general reference only. It is not a summary of all the provisions of the Series A Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series A Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado is serving as Underwriter's Counsel. It is anticipated that the Series A Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about November 30, 2016.

STIFEL

The date of this Official Statement is ______________, 2016.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
(San Joaquin and Alameda Counties, California)
General Obligation Bonds
2016 Election, Series A

Base CUSIP†: _______

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†

**Preliminary; subject to change.*
† CUSIP Copyright 2016, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Series A Bond owner and the District or the Underwriter.

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

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. In connection with the offering of the Series A Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Series A Bonds at levels above those that might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series A Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series A Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Counties, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Series A Bonds.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT

(San Joaquin and Alameda Counties, California)

GOVERNING BOARD OF THE DISTRICT

Matthew Balzarini, *President*
Shane Nielson, *Clerk*
Colin Clements, *Member*
Sharon Lampel, *Member*
David Pombo, *Member*

DISTRICT ADMINISTRATION

Dr. Kirk Nicholas, *Superintendent*
Alvina Keyser, *Chief Business Official*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Capitol Public Finance Group
Roseville, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND ESCROW AGENT

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

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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APPENDIX G - San Joaquin County Investment Policy and Investment Report

$___________*
LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
(San Joaquin and Alameda Counties, California)
General Obligation Bonds
2016 Election, Series A

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Lammersville Joint Unified School District (the "**District**") of the Lammersville Joint Unified School District (San Joaquin and Alameda Counties, California) General Obligation Bonds, 2016 Election, Series A, in the principal amount of $___________* (the "**Series A Bonds**").

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 and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series A Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District serves areas of San Joaquin County and Alameda County (collectively, the "**Counties**"). The District consists of the former Lammersville Elementary School District and the former Mountain House Elementary School District, and became independent from the Tracy Unified School District on July 1, 2011 following approval by voters in an election held on June 8, 2010. The former Mountain House Elementary School District (which is in the Alameda County portion of the District) has an area of 27.4 square miles and the former Lammersville Elementary School District (which is in the San Joaquin County portion of the District) has an area of 23.2 square miles, with the total area of the District measuring 50.6 square miles. Approximately 46% of the land area and 92% of the assessed valuation of the District lies in the San Joaquin County portion of the District. The District currently operates five K-8 elementary schools and one high school. Total enrollment for the 2015-16 school year was 4,062 students and is projected to be over 4,500 for the 2016-17 school year.

See "APPENDIX A – General and Financial Information About the District" and "APPENDIX C - General Information about San Joaquin County."

Authority and Purpose of Issue; Financing Plan. The Series A Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "**Bond Law**") and pursuant to a resolution adopted by the Governing Board of the District on October 19, 2016 (the "**Bond Resolution**"). The Series A Bonds are the first series of bonds issued by the District pursuant to an election held by the District on June 7, 2016 (the "**Bond Election**"), in which 55% or more of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of $56,000,000 (the "**2016 Authorization**"). The net proceeds of the Series A Bonds will be used to finance school facilities of the District as approved by District voters at the Bond Election and to prepay certain outstanding lease revenue notes. See "THE SERIES A BONDS – Authority for Issuance" and "– Purpose of Issue; Financing Plan," "APPLICATION OF PROCEEDS OF SERIES A BONDS" and "SOURCES AND USES OF FUNDS" herein.

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* *Preliminary; subject to change.*

Sources of Payment for the Series A Bonds. The Series A Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes levied and collected by the Counties. The Counties are empowered and are obligated to annually levy an *ad valorem* tax for the payment of the Series A Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE SERIES A BONDS" herein.

Form of Bonds. The Series A Bonds are being issued as current interest bonds which will bear interest and will mature in the years and in the amounts set forth on the inside cover page. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for the Depository Trust Company ("**DTC**"). Purchasers will not receive physical certificates representing their interest in the Series A Bonds. See "THE SERIES A BONDS – General Description of the Series A Bonds" and "– Book-Entry Only System," and "APPENDIX F – DTC and the Book-Entry System."

Redemption. The Series A Bonds are subject to redemption prior to maturity as described in "THE SERIES A BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Legal Matters. Issuance of the Series A Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel ("**Bond Counsel**"), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Kutak Rock, LLP, Denver, Colorado, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Series A Bonds.

Tax Matters. In the opinion of Bond Counsel, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes, although it is included in certain income and earnings in computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Series A Bonds and, if a commitment is issued to insure the Series A Bonds, will determine prior to the sale of the Series A Bonds whether to obtain such insurance.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Series A Bonds and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Series A Bonds are available from the District from the Superintendent's Office at 111 South De Anza Boulevard, Mountain House, California 95391, Telephone: (209) 836-7400. The District may impose a charge for copying, mailing and handling.

THE SERIES A BONDS

Authority for Issuance

The Series A Bonds will be issued under the provisions of the Bond Law and the Bond Resolution. The District received authorization at the Bond Election, by more than the requisite fifty-five percent vote of the qualified electors to issue general obligation bonds in a principal amount of $56,000,000. The Series A Bonds are the first series of bonds issued by the District pursuant to the 2016 Authorization.

Purpose of Issue; Financing Plan

The proceeds of the Series A Bonds will be used to finance projects approved by the District's voters at the Bond Election (the "**Bond Measure**"). The abbreviated summary of the Bond Measure is as follows:

> *"To ensure high-quality education for all students, with funding that cannot be taken by the State, shall Lammersville Joint Unified School District provide classrooms/facilities for science, technology, engineering and math to prepare students for college and careers; Mountain House High School's career technical educational facilities/library; and provide high-speed wireless networks to support instructional technology; by issuing $56,000,000 in bonds, at legal interest rates, with independent citizens' oversight, annual audits, no money for administrators, and all funds staying local?"*

A portion of the proceeds of the Series A Bonds will be used to prepay certain lease payment obligations of the District. See "APPLICATION OF PROCEEDS OF SERIES A BONDS – Redemption of 2016 Notes."

Following the issuance of the Series A Bonds, there will be $__________* remaining under the 2016 Authorization.

General Description of the Series A Bonds

The Series A Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series A Bonds. See "– Book-Entry Only System" and "APPENDIX F – DTC and the Book-Entry System."

The Series A Bonds will be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2017 (each, an "**Interest Payment Date**"). Each Series A Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding the Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it will bear interest from the date the Series A Bonds are delivered. Notwithstanding the foregoing, if interest on any Series A Bond is in default at the time of authentication thereof, such Series A Bond will bear interest from the Interest Payment Date to which interest has previously been paid

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* *Preliminary; subject to change.*

or made available for payment thereon. Payments of principal of and interest on the Series A Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to participants in DTC's book entry system ("**DTC Participants**") who will remit such payments to the beneficial owners of the Series A Bonds.

Paying Agent

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as the registrar, transfer agent, and paying agent for the Series A Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Series A Bonds and DTC's book-entry method is used for the Series A Bonds, the Paying Agent will send all payments with respect to principal and interest on the Series A Bonds, and any notice of redemption or other notices to owners of the Series A Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any ultimate purchaser of the Series A Bonds (each a "Beneficial Owner"), of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Series A Bonds called for redemption or of any other action covered by such notice.

Optional Redemption*

The Series A Bonds maturing on or before August 1, 2026 are not subject to redemption prior to maturity. The Series A Bonds maturing on or after August 1, 2027, are subject to redemption prior to maturity, from any available source of funds, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, on August 1, 2026, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on August 1, 20__ (the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1, 20__ and each August 1 thereafter in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium, together with interest accrued thereon to the redemption date. If any Term Bonds are optionally redeemed as described above, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 (or such other basis as the District may determine).

Term Bonds Maturing August 1, 20___

Redemption Date (August 1)	Sinking Fund Redemption

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Series A Bonds designated for redemption, at their addresses

* *Preliminary; subject to change.*

appearing on the records maintained by the Paying Agent for the registration of ownership and registration of transfers of the Series A Bonds under the Bond Resolution. Such notice may be a conditional notice of redemption and subject to rescission. See "- Right to Rescind Notice of Redemption." Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Series A Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Series A Bond Owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Series A Bonds are to be called for redemption, shall designate the serial numbers of the Series A Bonds to be redeemed by giving the individual number of each Series A Bond or by stating that all Series A Bonds between two stated numbers, both inclusive, or by stating that all of the Series A Bonds of one or more maturities have been called for redemption, and shall require that such Series A Bonds be then surrendered at the office of the Paying Agent for the payment of the Series A Bonds and the administration of its duties under the Bond Resolution as designated therein ("**Office of the Paying Agent**") for redemption at the said redemption price, giving notice also that further interest on such Series A Bonds will not accrue from and after the redemption date.

Partial Redemption

Upon the surrender of any Series A Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Series A Bond or Series A Bonds of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series A Bond or Series A Bonds.

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Series A Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series A Bonds then called for redemption. The District and the Paying Agent will have no liability to the Series A Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Book-Entry Only System

The Series A Bonds will be registered initially in the name of "Cede & Co.," as nominee of DTC, which has been appointed as securities depository for the Series A Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Series A Bonds. Principal of the Series A Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Series A Bonds as described herein. See "APPENDIX F – DTC and the Book-Entry System."

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Series A Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Series A Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Series A Bonds, and by surrendering the Series A Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Series A Bonds are to be issued.

Registration, Transfer and Exchange of Bonds

Registration. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Series A Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series A Bonds as provided in the Bond Resolution.

Transfers of Series A Bonds. Any Series A Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonably sum for each new Series A Bond issued upon any transfer.

Whenever any Series A Bond or Bonds is surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Series A Bond or Bonds, for like aggregate principal amount. No transfers of Series A Bonds will be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series A Bonds for redemption or (b) with respect to a Series A Bond which has been selected for redemption.

Exchange of Series A Bonds. Series A Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Series A Bonds of authorized denominations and of the same maturity, 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. The District may charge a reasonable sum for each new Series A Bond issued upon any exchange (except in the cases of any exchange of temporary Series A Bonds for definitive Series A Bonds). No exchange of Series A Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series A Bonds for redemption or (b) with respect to a Series A Bond after it has been selected for redemption.

Defeasance

Any or all of the Series A Bonds may be paid by the District in any of the following ways, provided the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Series A Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Series A Bonds; or

(c) by delivering such Series A Bonds to the Paying Agent for cancellation by it.

If the District pays all the Series A Bonds that are outstanding and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Bond Resolution), and notwithstanding that any Series A Bonds have not been surrendered for payment, the Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided and described in the following paragraph.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described below) to pay or redeem any Series A Bond that is outstanding (whether upon or prior to its maturity date or the redemption date of such Series A Bond), provided that, if such Series A Bond is to be redeemed prior to maturity, notice of such redemption has been given or proven satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Series A Bond will cease and be completely discharged, except only that thereafter the Owner thereof will be entitled only to payment of the principal of and interest on such Series A Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent, or an escrow agent designated by the District, money or securities in the necessary amount to pay or redeem any Series A Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Series A Bonds and all unpaid interest thereon to maturity, except that, in the case of Series A Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Series A Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series A Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Series A Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

The Bond Resolution defines the term "**Federal Securities**" to mean United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series A Bonds are as follows:

Sources of Funds	
Principal Amount of Series A Bonds	
Plus: [Net] Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Deposit to Note Repayment Fund [(1)]	
Costs of Issuance [(2)]	
Total Uses	

(1) To be used to redeem the 2016 Notes (as defined herein) on December __, 2016.
(2) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the District's counsel, the municipal advisor, the Paying Agent, bond insurance premium (if any) and the rating agency.

APPLICATION OF PROCEEDS OF SERIES A BONDS

Redemption of 2016 Notes

The 2016 Notes. The Lammersville Schools Finance Authority (the "**Authority**") issued its 2016 Lease Revenue Notes (Mountain House High School Project) in the aggregate principal amount of $10,735,000 (the "**2016 Notes**") on September 1, 2016, and in connection therewith, the District entered into a Lease Agreement dated as of September 1, 2016 (the "**Lease Agreement**"), between the Authority, as lessor, and the District, as lessee (the "**Lease Agreement**"), pursuant to which, lease payments from the District (the "**Lease Payments**") secured the 2016 Notes. The 2016 Notes were issued to finance the acquisition and construction of improvements to the Mountain House High School. A portion of the proceeds of the Series A Bonds will be used to prepay the outstanding Lease Payments of the District, and thereby redeem the 2016 Notes.

Deposits in Note Repayment Fund. On the date of delivery, the District will deliver a portion of the proceeds of the Series A Bonds to The Bank of New York Trust Company, N.A., as trustee (the "**Trustee**"), under that certain Trust Agreement, dated as of September 1, 2016 (the "**Trust Agreement**"), between the Authority and the Trustee, for deposit into the note repayment fund (the "**Note Repayment Fund**") established under the Trust Agreement. The Trustee will hold all of the amounts deposited in the Note Repayment Fund in cash (uninvested), and use such amounts to pay the principal of and interest on the 2016 Notes, together with accrued interest to the redemption date.

As a result of the deposit of funds with the Trustee on the date of issuance of the Series A Bonds, the 2016 Notes will be legally defeased and will cease to be secured by Lease Payments due pursuant to the Lease Agreement.

Amounts held by the Trustee in the Note Repayment Fund are pledged solely to the payment of the 2016 Notes and will not be available for the payment of debt service with respect to the Series A Bonds.

Sufficiency of the amounts and investments held in the Note Repayment Fund for the purpose of paying the principal, interest and redemption price with respect to the 2016 Notes will be verified by Causey Demgen & Moore P.C. (the **"Verification Agent"**). See "VERIFICATION" herein.

Building Fund

A portion of the proceeds from the sale of the Series A Bonds, to the extent of the principal amount thereof, will be paid to the San Joaquin County Treasurer-Tax Collector ("**San Joaquin County Treasurer**") to the credit of the fund created and established in the Bond Resolution and known as the "Lammersville Joint Unified School District, 2016 Election, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The appropriate office will maintain separate accounting for the proceeds of the Series A Bonds, including all earnings received form the investment thereof. Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Series A Bonds proceeds are authorized to be expended under the Bond Measure (which incudes costs of issuance). All interest and other gain arising from the investment of proceeds of the Series A Bonds shall be retained in the Building Fund and used for the purposes thereof. At the written request of the District filed with the San Joaquin County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the

Series A Bonds, to be applied to pay the principal of and interest on the Series A Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Series A Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Series A Bonds have been authorized or otherwise in accordance with the Bond Law.

Debt Service Fund

The San Joaquin County Treasurer will establish, hold and maintain a debt service fund for the Series A Bonds to be designated the "Lammersville Joint Unified School District General Obligation Bonds, 2016 Election, Series A Debt Service Fund" (the "**Debt Service Fund**"), which the San Joaquin County Treasurer will maintain as a separate account distinct from all other funds of San Joaquin County and the District. Accrued interest and premium, if any, received by the San Joaquin County Treasurer from the sale of the Series A Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Series A Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Series A Bonds when due. Any moneys remaining in the Debt Service Fund after the Series A Bonds and the interest thereon have been paid, or provision for such payment has been made, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the San Joaquin County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Series A Bonds

Under California law, the District is generally required to pay all monies received from any source into the San Joaquin County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Series A Bonds, shall be invested in the San Joaquin County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of the Tax Code) in accordance with the investment policy of San Joaquin County.

DEBT SERVICE SCHEDULE

Series A Bonds. The following table shows the annual debt service schedule with respect to the Series A Bonds (assuming no optional redemptions).

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Annual Debt Service Schedule
Series A Bonds

Period Ending August 1	Principal	Interest	Total Debt Service
2017			
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			
2047			
Total			

SECURITY FOR THE SERIES A BONDS

Ad Valorem Taxes

Series A Bonds Payable from Ad Valorem Property Taxes. The Series A Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the Counties. The Counties are empowered and are obligated to annually levy *ad valorem* taxes for the payment of the Series A Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Series A Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Debt Payable from Ad Valorem Property Taxes. In addition to the District's general obligation bonds, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "– Direct and Overlapping Debt."

Levy and Collection. The Counties will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into the Debt Service Fund, which is maintained by San Joaquin County and which is irrevocably pledged for the payment of principal of and interest on the Series A Bonds when due.

District property taxes are assessed and collected by the Counties in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series A Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the Counties to repay the Series A Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series A Bonds. Fluctuations in the annual debt service on the Series A Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

The San Joaquin County Treasurer will establish the Debt Service Fund for the Series A Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the Counties. All taxes levied by the Counties, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Series A Bonds will be deposited in the Debt Service Fund of San Joaquin County promptly upon apportionment of said levy. The Debt Service Fund is pledged for the payment of the principal of and interest on the Series A Bonds when and as the same become due, including the principal of any Series A Bonds required to be paid upon the mandatory sinking fund redemption thereof. Amounts in the Debt Service Fund will be transferred by San Joaquin County to the Paying Agent to the extent necessary to pay the principal of and interest and redemption premium (if any) on the Series A Bonds when due. In addition, amounts in deposit in the Debt Service Fund will be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If, after payment in full of the Series A Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Fund, San Joaquin County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Series A Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by each County, for the payment of principal and interest on the Series A Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Series A Bonds, the Series A Bonds are not a debt of the Counties.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. 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 with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Counties.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. 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 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 record 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 or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Assessed Valuation History. The table following shows a recent history of the District's assessed valuation.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2000-01 through 2016-17

San Joaquin County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2000-01	$485,083,513	$1,134,218	$30,348,803	$516,566,534	--
2001-02	538,175,458	1,149,534	37,912,262	577,237,254	11.7%
2002-03	602,961,439	1,142,217	46,564,693	650,668,349	12.7
2003-04	696,172,246	91,352,493	46,901,226	834,425,965	28.2
2004-05	867,845,323	130,688,007	52,786,961	1,051,320,291	26.0
2005-06	1,290,447,973	128,388,109	54,880,459	1,473,716,541	40.2
2006-07	2,084,184,225	115,247,054	49,989,203	2,249,420,482	52.6
2007-08	2,504,259,975	100,057,240	53,864,853	2,658,182,068	18.2
2008-09	2,475,189,796	94,752,895	58,849,058	2,628,791,749	(1.1)
2009-10	2,179,985,260	91,362,855	63,884,353	2,335,232,468	(11.2)
2010-11	1,982,413,953	77,763,569	61,984,353	2,122,161,875	(9.1)
2011-12 (1)	1,886,984,745	70,163,902	56,991,898	2,014,140,545	(5.1)
2012-13	1,952,078,078	187,962,973	94,544,673	2,234,585,724	10.9
2013-14	2,131,376,718	267,977,721	68,555,247	2,467,909,686	10.4
2014-15	2,600,541,690	210,277,721	70,910,914	2,881,730,325	16.8
2015-16	2,846,670,133	195,071,721	81,589,287	3,123,331,141	8.4
2016-17	3,193,608,899	279,164,858	81,100,956	3,553,874,713	13.8

Alameda County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2000-01	$26,711,033	$980,172	$13,816,837	$41,508,042	--
2001-02	30,230,930	1,019,454	13,397,441	44,647,825	7.6%
2002-03	31,325,725	1,002,572	12,264,190	44,592,487	-0.1
2003-04	33,418,958	1,064,589	13,214,392	47,697,939	7.0
2004-05	36,195,646	1,438,176	15,295,005	52,928,827	11.0
2005-06	39,742,487	1,396,333	16,327,454	57,466,274	8.6
2006-07	42,828,285	1,293,112	17,097,245	61,218,642	6.5
2007-08	46,725,930	2,995,856	22,482,417	72,204,203	17.9
2008-09	50,444,745	2,445,856	21,814,931	74,705,532	3.5
2009-10	51,185,867	18,615,856	21,920,470	91,722,193	22.8
2010-11	50,386,727	14,161,856	19,378,776	83,927,359	(8.5)
2011-12 (1)	47,286,826	4,491,856	19,024,695	70,803,377	(15.6)
2012-13	48,217,023	132,991,856	17,227,966	198,436,845	180.3
2013-14	46,035,686	188,991,856	18,216,336	253,243,878	27.6
2014-15	47,946,392	168,675,368	21,436,915	238,058,675	(0.6)
2015-16	51,118,302	168,675,368	18,210,606	238,004,276	(0.1)
2016-17	52,822,784	155,275,368	124,611,916	332,710,068	39.8

Total District

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2000-01	$511,794,546	$2,114,390	$44,165,640	$558,074,576	--
2001-02	568,406,388	2,168,988	51,309,703	621,885,079	11.4%
2002-03	634,287,164	2,144,789	58,828,883	695,260,836	11.8
2003-04	729,591,204	92,417,082	60,115,618	882,123,904	26.9
2004-05	904,040,969	132,126,183	68,081,966	1,104,249,118	25.2
2005-06	1,330,190,460	129,784,442	71,207,913	1,531,182,815	38.7
2006-07	2,127,012,510	116,540,166	67,086,448	2,310,639,124	50.9
2007-08	2,550,985,905	103,053,096	76,347,270	2,730,386,271	18.2
2008-09	2,525,634,541	97,198,751	80,663,989	2,703,497,281	(1.0)
2009-10	2,231,171,127	109,978,711	85,804,823	2,426,954,661	(10.2)
2010-11	2,032,800,680	91,925,425	81,363,129	2,206,089,234	(9.1)
2011-12 (1)	1,934,271,571	74,655,758	76,016,593	2,084,943,922	(5.5)
2012-13	2,000,295,101	320,954,829	111,772,639	2,433,022,569	16.7
2013-14	2,177,412,404	456,969,577	86,771,583	2,721,153,564	11.8
2014-15	2,648,488,082	378,953,089	92,347,829	3,119,789,000	14.7
2015-16	2,897,788,435	363,747,089	99,799,893	3,361,335,417	7.7
2016-17	3,246,431,683	434,440,226	205,712,872	3,886,584,781	15.6

(1) The District became a unified school district in fiscal year 2011-12. Prior to the effective date of unification of the District on July 1, 2011, the Mountain House Elementary School District located in Alameda County was a feeder elementary school district to the Tracy Joint Unified School District. Upon the unification of the District, the Mountain House Elementary School District became a feeder elementary school district to the District, expanding the territory of the District to include property in Alameda County. The tax base of the Mountain House Elementary School District is now included as part of the tax base of the District.
Source: California Municipal Statistics, Inc.; San Joaquin County

As shown in the tables above, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts. With respect to droughts specifically, the State of California is currently facing water shortfalls, and on January 17, 2014, Governor Brown (the "**Governor**") declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, 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. On April 1, 2015, the Governor issued an executive order mandating certain conservation, which were implemented by an emergency regulation adopted by the Water Board on May 5, 2015. The temporary conservation measures have been extended and amended by subsequent executive orders of the Governor and related Water Board regulations, most recently with implementation of a "stress test" approach of water conservation, which requires local urban water agencies to ensure a three-year supply of water assuming three years of drought conditions. Those agencies with projected shortages are required to implement conservation measures through January 2017. The District cannot predict or make any representations regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District including the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District including the District.

Assessed Valuation by Land Use. The property in the District is largely residential, with approximately 66% of secured assessed valuation of property in the District used for residential purposes, and approximately 92% of all taxable parcels used for residential purposes. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2016-17.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2016-17

Non-Residential:	2016-17 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% of Total
Agricultural	$ 23,974,410	0.65%	157	2.49%	152	2.46%
Commercial	17,682,108	0.48	9	0.14	9	0.15
Vacant Commercial	30,876,691	0.84	62	0.98	60	0.97
Industrial	678,981,989	18.45	79	1.25	79	1.28
Vacant Industrial	47,337,666	1.29	92	1.46	92	1.49
Utilities/Power Plants	434,440,226	11.80	15	0.24	15	0.24
Recreational	2,391,125	0.06	8	0.13	8	0.13
Government/Social/Institutional	2,309,918	0.06	134	2.12	25	0.40
Miscellaneous	168,068	0.00	65	1.03	65	1.05
Subtotal Non-Residential	$1,238,162,201	33.64%	621	9.84%	505	8.17%
Residential:						
Single Family Residence	$2,192,946,851	59.58%	5,055	80.09%	5,055	81.82%
Condominium/Townhouse	60,502,064	1.64	250	3.96	250	4.05
Rural Residential	48,356,096	1.31	158	2.50	158	2.56
2+ Residential Units/Apartments	6,688,448	0.18	14	0.22	14	0.23
Vacant Residential	134,216,249	3.65	214	3.39	196	3.17
Subtotal Residential	$2,442,709,708	66.36%	5,691	90.16%	5,673	91.83%
Total	$3,680,871,909	100.00%	6,312	100.00%	6,178	100.00%

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

Assessed Value by Jurisdiction. The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2016-17.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2016-17

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Tracy	$ 254,138,084	6.54%	$9,753,911,909	2.61%
Unincorporated San Joaquin County	3,299,736,629	84.90	$18,953,161,733	17.41%
Unincorporated Alameda County	332,710,068	8.56	$17,519,863,182	1.90%
Total District	$3,886,584,781	100.00%		

Summary by County:				
San Joaquin County	$3,553,874,713	91.44%	$66,473,297,283	5.35%
Alameda County	332,710,068	8.56	$254,087,205,260	0.13%
Total District	$3,886,584,781	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes*.* Within the residential segment of land uses, the vast majority of residential units are single-family homes. The following table shows a breakdown of assessed valuation of single-family homes on a per parcel basis for fiscal year 2015-16.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2016-17

	No. of Parcels	2016-17 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	5,055	$2,192,946,851	$433,817	$420,260

2016-17 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	6	0.119%	0.119%	$199,250	0.009%	0.009%
$50,000 - $99,999	8	0.158	0.277	637,816	0.029	0.038
$100,000 - $149,999	201	3.976	4.253	27,265,990	1.243	1.282
$150,000 - $199,999	358	7.082	11.335	58,651,840	2.675	3.956
$200,000 - $249,999	97	1.919	13.254	22,321,620	1.018	4.974
$250,000 - $299,999	354	7.003	20.257	98,304,691	4.483	9.457
$300,000 - $349,999	527	10.425	30.68	172,316,772	7.858	17.315
$350,000 - $399,999	705	13.947	44.629	263,784,317	12.029	29.343
$400,000 - $449,999	808	15.984	60.613	345,042,037	15.734	45.077
$450,000 - $499,999	702	13.887	74.500	331,990,626	15.139	60.216
$500,000 - $549,999	492	9.733	84.233	258,138,605	11.771	71.988
$550,000 - $599,999	404	7.992	92.226	231,982,809	10.579	82.566
$600,000 - $649,999	215	4.253	96.479	133,438,843	6.085	88.651
$650,000 - $699,999	71	1.405	97.883	47,949,661	2.187	90.838
$700,000 - $749,999	60	1.187	99.070	42,858,154	1.954	92.792
$750,000 - $799,999	10	0.198	99.268	7,715,653	0.352	93.144
$800,000 - $849,999	1	0.020	99.288	814,219	0.037	93.181
$850,000 - $899,999	2	0.040	99.327	1,740,273	0.079	93.260
$900,000 - $949,999	1	0.020	99.347	932,820	0.043	93.303
$950,000 - $999,999	0	0.000	99.347	0	0.000	93.303
$1,000,000 and greater	33	0.653	100.000	146,860,855	6.697	100.000
Total	5,055	100.000%		$2,192,946,851	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in Appendix A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home 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. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, 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.

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.

Proposition 8 reductions may also be unilaterally applied by county assessors. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by county assessors. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Series A Bonds to increase accordingly, so that the fixed debt service on the Series A Bonds (and other outstanding general obligation debt of the District) may be paid.

Typical Tax Rates

Below are historical typical tax rates in two typical tax rate areas within the District for fiscal years 2011-12 through 2016-17.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation

TRA 92-018 - Unincorporated San Joaquin County (1)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
San Joaquin Community College District	.020000	.020200	.019400	.023300	.019800	.018000
Tracy-Lammersville Unified School District	.026600	.026200	.024700	.021300	.020100	.018500
Total Tax Rate	$1.046600	$1.046400	$1.044100	$1.044600	$1.039900	$1.036500

TRA 70-001: Unincorporated Alameda County (2)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
San Joaquin Delta Community College District	.020000	.020200	.019400	.023300	.019800	.018000
Tracy-Lammersville Unified School District	.026600	.026200	.024700	.021300	.020100	.018500
State Water Project, Flood Zone 7	.030700	.022800	.025700	.025000	.034300	.033300
Bay Area Rapid Transit District	.004100	.004300	.007500	.004500	.002600	.008000
Total Tax Rate	$1.081400	$1.073500	$1.077300	$1.074100	$1.076800	$1.077800

(1) 2016-17 assessed valuation in TRA 92-018 was $2,067,963,007.
(2) 2015-16 assessed valuation in TRA 70-001 was $178,953,460.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies; Teeter Plan

San Joaquin County. The Board of Supervisors of San Joaquin County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in San Joaquin County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in San Joaquin County's Teeter Plan, and thus receives 100% of secured property taxes levied in San Joaquin County in exchange for foregoing any interest and penalties collected on delinquent taxes in San Joaquin County. So long as the Teeter Plan remains in effect in San Joaquin County, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by San Joaquin County.

However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to San Joaquin County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Certain Risks Associated with Teeter Plan. The current practice of San Joaquin County under the Teeter Plan is to provide 100% of the *ad valorem* taxes payable annually to the District in connection with general obligation bond indebtedness and to retain any penalties or delinquencies collected to offset such gross payment. *There can be no assurances that San Joaquin County will continue this practice in the future, or that San Joaquin County will not discontinue the Teeter Plan or remove the District from the Teeter Plan in the future.*

On September 13, 2011, the San Joaquin County Auditor-Controller recommended to the San Joaquin County Board of Supervisors that all direct assessments be removed from the Teeter Plan for fiscal year 2011-12 and thereafter. The San Joaquin County Auditor-Controller's recommendation did not apply to the collection of *ad valorem* taxes levied to pay general obligation bonds. The San Joaquin County Board of Supervisors, at its September 13, 2011 meeting, postponed making a decision on the San Joaquin County Auditor-Controller's recommendation and directed the San Joaquin County Auditor-Controller to work with appropriate San Joaquin County officials and staff to recommend the appropriate method of removing direct assessments from the Teeter Plan. After discussions and surveys of the affected agencies and meetings with San Joaquin County officials and staff, the San Joaquin County Auditor-Controller recommended to the San Joaquin County Board of Supervisors at its June 26, 2012 meeting to remove code enforcement/civil penalties/administrative citation direct assessments, the City of Lathrop's Community Facilities District (CFD) 2006-1, and the non-public safety portion of the City of Lathrop's Community Facilities District 2006-2 from the Teeter Plan. The District is not aware of any further changes to the Teeter Plan at this time.

Alameda County. Alameda County has adopted the Teeter Plan, but does not include *ad valorem* taxes levied for general obligation bonds in the Teeter Plan.

Secured Tax Charges and Delinquencies. Notwithstanding that the taxes to secure the Bonds levied on property in the District located in San Joaquin County are covered by the San Joaquin County Teeter Plan as described herein, the following table shows a five-year history of secured tax charges and delinquencies in the District with respect to the District's general obligation bond debt levy in San Joaquin County.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
(San Joaquin County Portion Only) (1)
2011-12 through 2015-16

	Secured Tax Charge (2)	Amt. Del. June 30	% Del. June 30
2011-12	$3,603,688.62	$81,228.16	2.25%
2012-13	4,032,856.61	77,668.05	1.93
2013-14	4,473,493.42	68,242.15	1.53
2014-15	5,186,494.18	70,638.27	1.36
2015-16	5,672,750.30	68,185.36	1.20

(1) San Joaquin County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
(2) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by local secured assessed valuation in fiscal year 2016-17. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Largest Fiscal Year 2016-17 Local Secured Taxpayers

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total (1)
1.	AltaGas San Joaquin Energy Inc.	Power Plant	$ 277,500,000	7.54%
2.	Costco Wholesale Corp.	Food Processing	157,960,211	4.29
3.	Mariposa Energy LLC	Power Plant	151,500,000	4.12
4.	Shea Homes LP/Shea Mountainhouse LLC	Residential Development	149,739,430	4.07
5.	Safeway Inc.	Warehouse	143,078,485	3.89
6.	Prologis LP	Warehouse	130,957,094	3.56
7.	Owens Brockway Glass Container	Industrial	109,095,506	2.96
8.	Fedex Ground Package System Inc.	Warehouse	67,480,029	1.83
9.	Medline Cordes Ranch Eat LLC	Warehouse	50,142,463	1.36
10.	First Industrial Pennsylvania LP	Industrial	42,003,756	1.14
11.	PCCP Mountain House LLC	Residential Development	28,265,629	0.77
12.	Richmond American Homes Maryland Inc.	Residential Development	25,823,655	0.70
13.	Trimark Communities LLC	Residential Development	21,420,997	0.58
14.	United Facilities Inc.	Warehouse	20,526,694	0.56
15.	CLPF Patterson Pass 8 & 10 LP	Warehouse	20,122,567	0.55
16.	Tri Pinte Homes Inc.	Residential Development	14,487,121	0.39
17.	LBA RV Company VI LP	Warehouse	12,284,525	0.33
18.	Maninder Sadhu	Undeveloped	11,368,871	0.31
19.	Standard Pacific Corp.	Residential Development	9,876,796	0.27
20.	Woodside 05N LP	Residential Development	8,754,021	0.24
			$1,452,387,850	39.46%

(1) 2016-17 total secured assessed valuation: $3,680,871,909
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. dated as of October 1, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of October 1, 2016

2016-17 Assessed Valuation: $3,886,584,781

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 10/1/16
Bay Area Rapid Transit District	0.040%	$ 209,500
San Joaquin Delta Community College District	4.880	6,178,811
Tracy-Lammersville Unified School District	23.526	9,325,706
Lammersville Joint Unified School District	**100.000**	**0 (2)**
Lammersville School District Community Facilities District No. 2002	100.000	62,607,531
Lammersville School District Community Facilities District No. 2007-1 I.A. 1	100.000	24,440,000
California Statewide Communities Development Authority 1915 Act Bonds	100.000	6,933,356
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$109,694,904
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Joaquin County Certificates of Participation	4.961%	$ 6,350,576
Alameda County General Fund and Pension Obligation Bonds	0.100	940,208
City of Tracy General Fund Obligations	1.100	244,200
Lammersville School District General Fund Obligations	**100.000**	**10,735,000**
Byron-Bethany Irrigation District General Fund Obligations	70.495	3,144,077
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$21,414,061
COMBINED TOTAL DEBT		$131,108,965 (3)

Ratios to 2016-17 Assessed Valuation:
Combined Direct Debt ($10,735,000) 0.28%
Total Direct and Overlapping Tax and Assessment Debt 2.82%
Combined Total Debt 3.37%

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(1) 2015-16 Ratios.
(2) Excludes the Series A Bonds offered hereunder.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Series A Bonds and, if a commitment is issued to insure the Series A Bonds, will determine prior to the sale of the Series A Bonds whether to obtain such insurance.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Series A Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original issue premium**" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series A Bonds who purchase the Series A Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series A Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series A Bond (said term being the shorter of the Series A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Series A Bond is amortized each year over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Series A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series A Bonds.

***California Tax Status**.* In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from California personal income taxes.

***Form of Opinion**.* A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series A Bonds other than as expressly described above.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Series A Bonds to provide certain financial information and operating data relating to the District by not later than eight (8) months following the end of the District's fiscal year (which currently is June 30), commencing March 1, 2017 with the report for the 2015-16 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events pursuant to the Continuing Disclosure Certificate in the form attached to this Official Statement in "APPENDIX E – Form of Continuing Disclosure Certificate." The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in each Annual Report or other notices is summarized in "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds issued by community facilities districts within the District. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations." The District engaged a third-party dissemination agent for the bonds issued by its community facilities district. In the previous five years, the District has timely made the filings required under its existing undertakings.

To assist the District to comply with its continuing disclosure undertakings with respect to the Series A Bonds pursuant to the Continuing Disclosure Certificate, the District has engaged [Capitol Public Finance Group, LLC] to serve as its dissemination agent with respect to the Continuing Disclosure Certificate to be executed in connection with the Series A Bonds. To further ensure such compliance, the District has adopted policies and procedures related thereto.

VERIFICATION

Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**), upon delivery of the Series A Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Series A Bonds and other funds deposited into the Note Repayment Fund and available to redeem the 2016 Notes on December __, 2016.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

RATING

Moody's Investors Services ("**Moody's**"), has assigned a rating of "__" to the Series A Bonds. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained only from Moody's. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement). There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by Moody's, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series A Bonds.

UNDERWRITING

The Series A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), pursuant to a bond purchase agreement for the Series A Bonds (the "**Bond Purchase Agreement**"). The Underwriter has agreed to purchase the Series A Bonds at a price of $___________, representing the principal amount of the Series A Bonds, plus/less [net] original issue [premium] [discount] of $________ and less an Underwriter's discount of $___________. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series A Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter may offer and sell Series A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

MISCELLANEOUS

Legality for Investment

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

Litigation

No litigation is pending or, to the best knowledge of the District, threatened concerning the validity of the Series A Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series A Bonds. The District is not aware of any litigation pending or, to the best knowledge of the District, threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Series A Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Series A Bonds or actions taken with respect to the Series A Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse affect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, and Capitol Public Finance Group, as municipal advisor to the District, is contingent upon issuance of the Series A Bonds.

Additional Information

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents are available from the Underwriter and following delivery of the Series A Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT

By: ______________________________
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District, its operating budget and the District's general fund 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 Series A Bonds is payable from the general fund of the District. The Series A Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the Counties in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES A BONDS" in the main body of the Official Statement.

DISTRICT GENERAL INFORMATION

General Information

Lammersville Joint Unified School District (the "**District**") serves students in Mountain House, California, a census-designated place within San Joaquin County (the "**County**") and certain unincorporated territory bordering the City of Tracy.

The District serves areas of San Joaquin County and Alameda County (collectively, the "**Counties**"). The District consists of the former Lammersville Elementary School District and the former Mountain House Elementary School District, and became independent from the Tracy Unified School District on July 1, 2011 following approval by voters in an election held on June 8, 2010. The former Mountain House Elementary School District (which is in the Alameda County portion of the District) has an area of 27.4 square miles and the former Lammersville Elementary School District (which is in the San Joaquin County portion of the District) has an area of 23.2 square miles, with the total area of the District measuring 50.6 square miles. Approximately 46% of the land area and 92% of the assessed valuation of the District lies in the San Joaquin County portion of the District. The District currently operates five K-8 elementary schools and one high school. Total enrollment for the 2015-16 school year was 4,062 students and 4,500 are projected for the 2016-17 school year.

Administration

Governing Board. The District is governed by a five-member Governing Board (the "**Board**"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years. Current members of the Board, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Matthew Balzarini	President	December 2016
Shane Nielson	Clerk	December 2016
Colin Clements	Member	December 2018
Sharon Lampel	Member	December 2018
David Pombo	Member	December 2016

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations and supervises the work of other District administrators. Dr. Kirk Nicholas and Alvina Keyser currently serve as the Superintendent and Chief Business Official, respectively, of the District.

Recent Enrollment Trends

The following table shows enrollment and average daily attendance history for the District for fiscal years 2011-12 though 2015-16, together with estimates for fiscal year 2016-17.

ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE
Fiscal Years 2011-12 through 2016-17
Lammersville Joint Unified School District

School Year	Enrollment	Percent Change	ADA	Percent Change
2011-12	2,162	--	2,114	--
2012-13	2,360	9.2%	2,306	9.1%
2013-14	2,687	13.9	2,618	13.5
2014-15	3,433	27.8	3,375	28.9
2015-16*	4,062	18.3	3,945*	16.9
2016-17**	4,500	10.8	4,366	10.7

** Estimated Actual.*
*** Budgeted.*
Source: Lammersville Joint Unified School District.

Employee Relations

The District currently has 205 certificated, 109 classified and 51 other full-time equivalent positions. The certificated and classified employees of the District are represented by their respective bargaining units, as set forth in the following table.

BARGAINING UNITS
Lammersville Joint Unified School District

Employee Group	Representation	Contract Expiration Date
Lammersville Teachers Association	Certificated	June 30, 2017
California Schools Employees Association	Classified	June 30, 2017

Source: Lammersville Joint Unified School District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in the State of California (the "**State**") receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the Constitution of the State. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget and related legislation replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the "**LCFF**"). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and now have greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants are adjusted upward each year to reflect cost-of-living increases. In addition, 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 grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented in fiscal year 2013-14 and will be phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at 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.

Based on revenue projections, school districts will reach what is referred to as "full funding" in fiscal year 2020-21. This projection assumes that the State's economy will improve each year; if the economy falters it could take longer to reach full funding.

The target LCFF amounts for State school districts and charter schools based on grade levels and Targeted Students is shown below.

Grade Span Funding at Full LCFF Implementation (Target Amount)

Grade Span	Base Grant(1)	K-3 Class Size Reduction and 9-12 Adjustments	Average Assuming 0% Targeted Students	Average Assuming 25% Targeted Students	Average Assuming 50% Targeted Students	Average Assuming 100% Targeted Students
K-3	$6,845	$712	$7,557	$7,935	$8,313	$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	$216	8,505	8,930	9,355	12,119

(1) Does not include adjustments for cost of living.
Source: California Department of Education.

LCFF legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, adjusted for changes in ADA.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate.

County superintendents review and provide support to school districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's Audited Financial Statements for the fiscal year ending June 30, 2015, were prepared by Cichella & Tokunaga, LLP, Certified Public Accountants (the "**Auditor**"). Audited financial statements for the District for the fiscal year ended June 30, 2015 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the Audited Financial Statements for fiscal year 2014-15. The District has not requested, and the auditor has not provided, any additional review of such financial statements in connection with their inclusion in the Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2010-11 through 2014-15.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2010-11 through 2014-15 (Audited)
Lammersville Joint Unified School District

Revenues	Audited 2010-11	Audited 2011-12 (1)	Audited 2012-13	Audited 2013-14	Audited 2014-15
Total Revenue Limit/LCFF Sources (2)	$9,994,870	$11,049,951	$12,219,559	$15,838,517	$23,821,911
Federal Revenues	662,917	944,713	557,930	602,616	624,699
Other State revenues	1,587,667	1,635,275	1,824,259	1,210,401	1,383,733
Other local revenues	606,006	526,968	678,487	839,432	1,168,849
Total Revenues	12,851,460	14,156,097	15,280,235	18,490,966	26,999,192
Expenditures					
Certificated Salaries	6,622,836	6,718,288	7,566,031	8,634,851	12,113,277
Classified Salaries	1,290,522	1,318,374	1,602,485	1,901,783	2,563,397
Employee Benefits:	2,624,603	2,909,924	3,098,977	3,404,099	5,072,049
Books and Supplies	470,680	417,262	572,774	1,281,515	2,203,823
Services and Operating Expenditures	1,146,703	1,518,720	1,826,425	2,792,633	3,822,363
Other Outgo	200,011	--	365,279	616,858	534,806
Capital Outlay	--	--	--	22,953	377,396
Total Expenditures	12,355,355	13,222,587	15,031,971	18,654,692	26,687,111
Excess of Revenues Over/(Under) Expenditures	496,105	934,320	247,621	(163,726)	312,081
Other Financing Sources (Uses)					
Operating Transfers in	19,164	119,558	--	--	--
Operating transfers out	--	--	(19,366)	--	(125,263)
Total Other Financing Sources (Uses)	19,164	119,558	(19,366)	--	(125,263)
Net change in fund balance	515,269	1,053,878	266,987	(163,726)	186,818
Fund Balance, July 1	2,484,645	2,999,914	4,053,792	4,305,475	4,141,746
Fund Balance, June 30	$2,999,914	$4,053,792	$4,320,779	$4,141,746	$4,328,564

(1) The District became a unified school district in 2011-12.
(2) LCFF commenced in fiscal year 2013-14.
Source: District Audited Financial Statements for fiscal years 2011-12 through 2014-15.

District Budget and Interim Financial Reporting

***Budgeting – Education Code Requirements**.* The District is required under the Education Code of the State 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 in "– Interim Certifications Regarding Ability to Meet Financial Obligations."

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 school districts to use a dual budget adoption option. Instead, all school districts must be on a single budget cycle. A budget is only readopted if it is disapproved by the county office of education, or as needed.

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, will determine if the budget includes the expenditures necessary to implement the local control and accountability plan and determine if the budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. On or before August 15, the county superintendent will 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. The law does not provide for conditional approvals; budgets must be either approved or disapproved. 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 a district whose budget has 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 Certifications Regarding Ability to Meet Financial Obligations**.* 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 two subsequent fiscal years. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that 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 is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. The District has not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District's most recent interim report, the Second Interim for Fiscal Year 2015-16, received a positive certification.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 111 South De Anza Boulevard, Mountain House, California 95391; telephone (209) 836-7400. The District may impose charges for copying, mailing and handling.

District's 2015-16 and 2016-17 General Fund. The following table shows the budgeted revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2015-16 and 2016-17 (adopted budgets), and the unaudited actual figures for fiscal year 2015-16 (2016-17 adopted budget).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE[(1)]
Fiscal Years 2015-16 and 2016-17 (Adopted Budget)
Fiscal Year 2015-16 (Unaudited Actuals)
Lammersville Joint Unified School District

Revenues	Adopted Budget 2015-16	Unaudited Actuals 2015-16	Adopted Budget 2016-17
LCFF	$29,722,021	$28,892,657	$34,351,938
Federal Revenues	767,569	555,927	815,729
Other State Revenues	3,685,072	4,285,683	3,062,492
Other Local Revenues	806,466	1,088,886	617,312
Total Revenues	34,981,128	35,823,153	38,847,471
Expenditures			
Certificated Salaries	15,293,563	14,770,393	18,338,807
Classified Salaries	3,362,771	3,232,532	3,873,514
Employee Benefits	6,691,388	6,710,840	8,101,090
Books and Supplies	3,265,722	2,886,331	2,728,726
Contract Services & Operating Exp.	5,687,721	4,924,983	6,849,784
Capital Outlay	228,667	12,740	16,962
Other Outgo (excluding indirect costs)	363,433	438,410	435,440
Other Outgo – Transfers of Indirect Costs	--	(54,824)	(48,000)
Total Expenditures	34,893,265	32,921,404	40,296,323
Excess of Revenues Over/(Under) Expenditures	87,863	2,901,749	(1,448,852)
Other Financing Sources (Uses)			
Operating transfers in	1,779	1,785	--
Operating transfers out	(125,000)	(130,037)	(125,000)
Total Other Financing Sources/(Uses)	(123,221)	(128,252)	(125,000)
Net change in fund balance	(35,358)	2,773,497	(1,573,852)
Fund Balance, July 1	4,326,788	4,326,786	7,100,283
Fund Balance, June 30	$4,291,430	7,100,283	$5,526,431

(1) Columns may not sum to totals due to rounding.
Source: Lammersville Joint Unified School District

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains, and expects to continue to maintain, an unrestricted reserve which meets the State's minimum requirements. In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the Education Code of the State was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election that limits the amount of reserves which may be maintained at the District level under certain circumstances. Specifically, the legislation, among other things, enacted Section 42127.01 of the Education Code of the State, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board of Education (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by county superintendents for up to two consecutive years within a three-year period under certain circumstances.

In August of 2015, a bill was introduced into the State Senate in response to SB 858 ("**SB 799**") proposing reforms to the reserve cap. SB 799 proposes a cap on unassigned reserves and special reserves for other than capital outlay of 17%, with exemptions from the cap for school districts with less then 2,500 average daily attendance and basic aid districts.

The District cannot predict how SB 858 or SB 799, if enacted, will impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of average daily attendance (**"ADA"**). With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target.

The unduplicated count of the District's students which are low-income, English learners and/or foster youth is approximately 22% in fiscal year 2015-16 for purposes of determining supplemental and concentration grant funding under LCFF, so the District is not eligible for concentration grant funding.

The following table sets forth LCFF funding for the District for fiscal year 2013-14 through 2016-17 (Budgeted).

AVERAGE DAILY ATTENDANCE AND LCFF
Fiscal Years 2013-14 through 2016-17 (Budgeted)
Soledad Unified School District

Fiscal Year	ADA	LCFF Phase In Entitlement Per ADA(1)
2013-14	2,623	$6,861
2014-15	3,384	7,598
2015-16 (3)	3,945	7,830
2016-17 (3)	4,366	7,938

(1) Represents an average across grade spans.
Source: Lammersville Joint Unified School District

Revenue Sources

The District categorizes its general fund revenues into four sources: the LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in fiscal year 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues*.* Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

Other Local Revenues*.* In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

Implementation of GASB Nos. 68 and 71. Commencing with the fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the financial statements for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for

STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015" for further information.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's contribution to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Lammersville Joint Unified School District

Fiscal Year	Amount
2011-12	$533,040
2012-13	616,447
2013-14	682,539
2014-15	1,051,504
2015-16(1)	2,256,374
2016-17(2)	2,628,648

(1) Unaudited Actuals.
(2) Budgeted.
Source: Lammersville Joint Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $76.2 billion as of June 30, 2015 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively. Projected employer contribution rates for school districts in the State (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2016-17 through 2020-21

Fiscal Year	**Projected Employer Contribution Rate(1)**
2016-17	12.58%

2017-18	14.43
2018-19	16.28
2019-20	18.13
2020-21	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Lammersville Joint Unified School District

Fiscal Year	Amount
2011-12	$172,689
2012-13	213,302
2013-14	239,913
2014-15	319,051
2015-16[1]	350,319
2016-17[2]	572,649

(1) Unaudited Actuals.
(2) Budgeted.
Source: Lammersville Joint Unified School District.

Like the STRS program, the PERS program has maintained an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $16.5 billion as of June 30, 2015 (the date of the last actuarial valuation). To address such unfunded liability, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 11.771% and 11.847%, respectively. Projected employer contribution rates for school districts in the State (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2016-17 through 2020-21(1)

Fiscal Year	Projected Employer Contribution Rate(2)
2016-17	13.888%
2017-18	15.500
2018-19	17.100
2019-20	18.600
2020-21	19.800

(1) Rates were estimated by PERS in 2016. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, except the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information*.* Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Benefit Obligation

Plan Description. The Postemployment Benefit Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of four retirees and beneficiaries currently receiving benefits and 152 active plan members.

Contribution Information. The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit ("**OPEB**") cost (expense) is calculated based on the annual required contribution of the employer ("**ARC**"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial accrued liabilities ("**UAAL**") (or funding excess) for a period not to exceed thirty years.

A summary of the District's OPEB obligation, as shown in the District's audited financial statements as of June 30, 2015, is as follows:

OPEB Obligation as of June 30, 2015
Lammersville Joint Unified School District

Annual required contribution	$255,378
Interest on net OPEB obligation	14,028
Adjustment to annual required contribution	--
Annual OPEB cost (expense)	269,406
Contributions made	(231,453)
Increase in net OPEB obligation	37,953
Net OPEB obligation- beginning of year	280,554
Net OPEB obligation- end of year	$318,507

Source: District Audited Financial Statement.

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal years 2012-13 through 2015-16 is as follows:

OPEB Cost History
Lammersville Joint Unified School District

Fiscal Year Ended June 30:	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset
2016	$456,990	16%	$704,808
2015	269,406	86	318,507
2014	265,994	74	280,554
2013	261,921	69	212,316

Source: District Audited Financial Statements.

Actuarial Methods and Assumptions. In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 5.5% for calendar year 2016, reduced by decrements to an ultimate rate of 4.5% after two years. Both rates included a 2.75% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2015 was 30 years.

Insurance – Joint Powers Agreement

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted for property and liability insurance coverage. Settled claims have not exceeded coverage in any of the past three years.

Existing Debt Obligations

Prior to the issuance of the Series A Bonds offered herein, the District does not have any general obligation bonds outstanding.

Special Tax Bonds. The School District has outstanding debt relating to bond issues by Community Facilities Districts (**"CFDs"**) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and the Mark-Roos Local Bond Pooling Act of 1985, as amended, which are payable from special taxes levied on property within the CFDs according to a methodology approved by voters within the CFDs. The CFDs were formed by the District for the purpose of financing school facilities within the CFDs.

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
Summary of Outstanding Special Tax Bond Debt as of October 1, 2016

	Date Issued	Original Issue Amount	Amount Outstanding (October 1, 2016)
Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2006	08/24/2006	$25,000,000.00	$23,520,000.00
2008 Special Tax Bonds, CFD 2007-1 (IA 1)	7/17/2008	1,895,000.00	1,645,000.00
Lammersville Unified School District Special Tax Refunding Bonds, Series 2010 (Lammersville School District Community Facilities District No. 2002 (Mountain House))	07/19/2012	24,352,914.15	23,617,531.35
Special Tax Bonds, Series 2013 (Lammersville School District Community Facilities District No. 2002 (Mountain House))	02/21/2013	19,565,000.00	15,455,000.00
Lammersville Joint Unified School District Special Tax Bonds, Series 2013 (Improvement Area No. 1 of the Lammersville School District Community Facilities District No. 2007-1 (Mountain House - Shea Homes))	10/01/2013	22,910,000.00	22,795,000.00
Total		$93,722,914.15	$87,032,531.35

Source: Lammersville Joint Unified School District.

Lease Revenue Notes. On September 1, 2016, the Lammersville Schools Finance Authority (the "**Authority**") issued its 2016 Lease Revenue Notes (Mountain House High School Project) in the aggregate principal amount of $10,735,000 (the "2016 Notes"), secured by revenues consisting primarily of lease payments to be made by the District to the Authority. The 2016 Notes are currently outstanding in the principal amount of $10,735,000. It is expected that the 2016 Notes will be prepaid in full with a portion of the proceeds of the Series A Bonds, as described herein.

Construction Loan. On July 7, 2012, in accordance with the Shortfall Assurance Agreement between the District and Shea Mount House, LLC ("**SMH**"), the District received a loan of $52 million for the construction of Mountain House High School. There is no debt service maturity schedule as any SMH shortfall funding advances will be reimbursed per the School Facilities Mitigation Agreement, from state construction received by the District from proceeds of the issuance of subsequent CFD bond issuances, or developer fees collected from housing permits for housing within the Mountain House community. Interest is calculated using the Interest Rate Index specified in the School Facilities Mitigation Agreement.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the San Joaquin County Treasurer manages funds deposited with it by the District. Counties are required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G for information regarding San Joaquin County's investment policy and quarterly report.

Effect of State Budget on Revenues

Public school districts in the State are dependent on revenues from the State for a large portion of their operating budgets. School districts in the State generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts in the State is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" and "—Attendance —Revenue Limit and LCFF Funding" above). State funds typically make up the majority of a district's LCFF funding. School districts in the State also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" below.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Underwriter nor the Counties are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to Internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information," posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)."

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2016-17 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

***2013-14 State Budget: Significant Change in Education Funding**.* As described previously herein, the fiscal year 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances in the future.

2016-17 Adopted State Budget

On June 27, 2016, the Governor signed the 2016-17 State Budget (the "**2016-17 State Budget**") into law with an effective date of July 1, 2016. The 2016-17 State Budget package calls for $122.5 billion in general fund spending and $44.6 billion in special fund spending, along with $3.6 billion in bond spending. The 2016-17 State Budget includes more money for higher education, repeals a cap on welfare payments, raises rates for child care providers and puts an additional $3.3 billion into the State's rainy-day reserve, including an optional $2 billion shift to protect against a future economic downturn. The 2016-17 State Budget establishes a multiyear plan that is balanced and that, among other items, provides for the following:

- contributions to both State budget reserves: the Special Fund for Economic Uncertainties, the State's discretionary reserve, and the Budget Stabilization Account, the state's constitutional rainy day fund, raising such reserves to $6.7 billion;

- an increase in funding for K-12 schools of more than $2.9 billion (representing an increase of 5.4% over the LCFF funding level for fiscal year 2014-15 and bringing the LCFF level implementation to 96% complete);

- an increase of more than $1.3 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion (for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards);

- a $1.6 billion early education block grant by combining three existing programs to promote local flexibility, focusing on disadvantaged students and improved accountability;

- $807 million for Statewide deferred maintenance at levees, state parks, universities, community colleges, prisons, State hospitals, and other State facilities;

- a $3.1 billion cap-and-trade expenditure plan to reduce greenhouse gas emissions;

- over $2 billion in funds for various infrastructure improvements, $688 million for critical deferred maintenance at levees, State parks, universities, community colleges, prisons, state hospitals, and other State facilities;

- a $1.2 billion pay-down of debt and liabilities from Proposition 2 funds; and

- $710 million to pay for the costs of wildfires and for other effects of the drought.

The execution of the 2016-17 State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with proposed spending reductions, (iv) rising health care costs and (v) other factors, all or any of which could cause the revenue and spending projections in the 2016-17 State Budget to be unattainable. The District cannot predict the impact that the 2016-17 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any projections made in the 2016-17 State Budget.

The complete 2016-17 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Series A Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor in connection with its budgets. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

The State has not entered into any contractual commitment with the District, the Counties, or the Owners of the Series A Bonds to provide State budget information to the District or the owners of the Series A Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein. However, the Series A Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series A Bonds are payable from the proceeds of an *ad valorem* tax levied by the Counties for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Series A Bonds. The tax levied by the Counties for payment of the Series A Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) 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 (which provided the authority for the issuance of the Series A Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The 2016 Authorization was authorized pursuant to exception (iii) above of Article XIIIA. 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". This 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.

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

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

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC 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.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Series A Bonds.

Proposition 98

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

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

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. 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.

Proposition 30

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "**Proposition 30**"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes 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 imposes 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. This excise tax will be 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 December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for joint filers).

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, his a proposed constitutional amendment initiative that has qualified for the November 8, 2016 general election ballot in California. Proposition 55 would extend the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 would be allocated 89% to K-12 schools and 11% to community colleges. The District cannot predict whether Proposition 55 will be approved and become law.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended 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-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. 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 amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State Constitution to prohibit the State Legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. Proposition 22 was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. SB 222 provides that said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX C

GENERAL INFORMATION ABOUT SAN JOAQUIN COUNTY

*The following information concerning San Joaquin County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Series A Bonds are not a debt of the County, the State of California (the "**State**") or any of its political subdivisions (other than the District), and none the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

General

The County is one of California's original counties and was created at the time of statehood in 1850. The County covers an area of approximately 1,436 square miles, consisting of 1,399 square miles of land and 27 square miles of water. The County is adjacent to Stanislaus County to the south and southeast, Alameda and Contra Costa Counties to the west, Sacramento County to the north, Amador County to the northeast, Calaveras County to the east and a corner of Santa Clara County to the southwest.

Population

The following table summarizes the County's and the State's estimated populations as of January 1 of each year commencing calendar year 2012 to 2016.

SAN JOAQUIN COUNTY AND STATE OF CALIFORNIA
Population Estimates
(As of January 1)

	2012	2013	2014	2015	2016
Escalon	7,092	6,948	6,969	7,042	7,065
Lathrop	19,090	19,642	20,158	20,796	22,112
Lodi	62,613	62,454	62,582	62,772	63,219
Manteca	69,405	70,216	71,190	72,169	73,841
Ripon	14,440	14,388	14,484	14,560	14,724
Stockton	298,227	302,227	304,994	312,990	315,592
Tracy	85,007	86,636	87,317	88,028	89,208
Balance Of County	142,538	142,189	144,156	145,404	147,622
Incorporated	555,874	562,511	567,694	578,357	585,761
County Total	698,412	704,700	711,850	723,761	733,383
State of California	37,881,357	38,239,207	38,567,459	38,907,642	39,255,883

Source: California Department of Finance.

Employment and Industry

The District is included in the Stockton-Lodi Metropolitan Statistical Area ("**MSA**"), which includes all of the County. The unemployment rate in the County was 8.5% in July 2016, up from a revised 8.3% in June 2016, and below the year-ago estimate of 8.9%. This compares with an unadjusted unemployment rate of 5.9% for California and 5.1% for the nation during the same period.

The table below list employment by industry group for the County for the years 2011 to 2015.

STOCKTON-LODI MSA
(San Joaquin County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2011 through 2015
(March 2015 Benchmark)

	2011	2012	2013	2014	2015
Civilian Labor Force (1)	311,000	311,300	311,300	310,700	316,900
Employment	260,600	266,400	272,800	277,600	288,800
Unemployment	50,300	44,900	38,600	33,100	28,100
Unemployment Rate	16.2%	14.4%	12.4%	10.7%	8.9%
Wage and Salary Employment: (2)					
Agriculture	15,500	15,700	16,100	15,700	16,300
Mining and Logging	100	100	100	100	100
Construction	7,400	7,600	8,800	8,900	10,100
Manufacturing	18,000	17,800	17,900	18,500	18,900
Wholesale Trade	10,200	10,800	11,100	11,100	11,400
Retail Trade	24,200	24,900	25,600	25,700	26,100
Transportation, Warehousing and Utilities	14,700	16,000	17,200	18,300	20,000
Information	2,100	2,100	2,100	2,100	2,000
Financial Activities	7,500	7,500	7,600	7,500	7,300
Professional and Business Services	15,200	16,600	17,400	18,300	19,700
Educational and Health Services	33,700	34,000	35,500	35,900	36,500
Leisure and Hospitality	16,300	17,000	18,200	19,100	19,600
Other Services	6,300	6,500	6,600	6,900	7,100
Federal Government	4,000	3,900	3,500	3,100	3,000
State Government	3,800	3,600	4,300	5,800	6,200
Local Government	28,700	28,600	29,300	29,600	30,400
Total All Industries (3)	207,600	212,700	221,200	226,700	234,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within County in alphabetical order, without regard to the number of employees.

COUNTY OF SAN JOAQUIN
Major Employers
(As of March 2016)

Employer	Location	Industry
B & B Ranch	Linden	Ranches
Blue Shield of California	Lodi	Insurance
Dameron Hospital Assn	Stockton	Hospitals
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions
Division of Juvenile Justice	Stockton	Government Offices-State
Foster Care Svc	Stockton	Government Offices-County
Inland Flying Svc	Stockton	Aircraft Servicing & Maintenance
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health	Lodi	Hospitals
Lodi Memorial Hosp Home Health	Lodi	Home Health Service
Morada Produce Co	Stockton	Fruits & Vegetables-Growers & Shippers
North California Youth Ctr	Not Available	Police Departments
O-G Packing & Cold Storage Co	Stockton	Fruits & Vegetables-Growers & Shippers
Pacific Coast Producers	Lodi	Canning (mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Purchasing	Not Available	Hospitals
Safeway Distribution Warehouse	Tracy	Distribution Centers (whls)
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin General Hospital	Stockton	Hospitals
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
St Joseph's Cancer Ctr	Stockton	Cancer Treatment Centers
University of the Pacific	Stockton	Schools-Universities & Colleges Academic
Walmart Supercenter	Stockton	Department Stores
Waste Management	Lodi	Consultants-Business NEC

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

Commercial Activity

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures are not yet available for calendar year 2015.

COUNTY OF SAN JOAQUIN
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2010	8,534	$5,213,982	12,633	$7,602,090
2011	8,337	5,740,948	12,450	8,426,952
2012	8,524	6,124,320	12,613	9,010,929
2013	8,754	6,519,537	12,752	9,466,015
2014	8,900	6,780,160	12,865	10,031,845

Source: State Board of Equalization.

Effective Buying Income

Effective buying income ("**EBI**") is designated by Sales and Marketing Management Magazine as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis.

The following table summarizes the Median Household Effective Buying Income for the County, the State and the United States for calendar years 2011 through 2015.

COUNTY OF SAN JOAQUIN
Median Effective Buying Income
2011 through 2015

	2011	2012	2013	2014	2015
County of San Joaquin	$38,531	$38,531	$38,531	$38,531	$46,491
State of California	47,062	47,307	48,340	50,072	53,589
United States	41,253	41,358	43,715	45,448	46,738

Source: The Nielsen Company (US), Inc.

Construction Activity

Building activity for the calendar years 2011 through 2015 in the County is shown in the following table.

COUNTY OF SAN JOAQUIN
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$159,012.2	$250,227.1	$264,761.1	$318,760.2	$455,877.1
New Multi-family	14,853.1	0.0	7,601.9	4,726.9	48,792.9
Res. Alterations/Additions	48,093.6	22,356.9	28,764.8	78,511.0	42,764.8
Total Residential	$221,958.9	$272,584.0	$301,127.8	$401,998.1	$547,434.8
New Commercial	$45,422.2	$176,179.0	$158,299.3	$42,976.5	$177,272.0
New Industrial	9,669.3	13,126.8	1,141.9	29,357.4	85,322.6
New Other	4,709.7	4,200.0	21,462.7	41,819.6	44,373.1
Com. Alterations/Additions	108,216.9	65,989.4	79,145.2	89,630.8	193,659.3
Total Nonresidential	$168,018.1	$259,495.2	$260,049.1	$203,784.3	$500,627.0
New Dwelling Units					
Single Family	728	1,052	1,062	1,214	1,698
Multiple Family	152	0	74	19	387
TOTAL	880	1,052	1,136	1,233	2,085

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________
LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT
(San Joaquin and Alameda Counties, California)
General Obligation Bonds
2016 Election, Series A

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Lammersville Joint Unified School District (the "District") in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Governing Board of the District on October 19, 2016 (the "Bond Resolution"). The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, is initially acting as paying agent for the Bonds (the "Paying Agent").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than eight months after the end of each fiscal year of the District (currently June 30th), the first being March 1, 2017.

"*Dissemination Agent*" means, initially _____________, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

"*Participating Underwriter*" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 1, 2017 with the report for the 2015-16 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County of San Joaquin (the "County") at the time of filing the Annual Report, and only if the District's general obligation bond levies are not included in 'the County's Teeter Plan (as defined in the Official Statement);

(iv) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

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

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material.

(14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be ___________. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made 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 an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, 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 proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto 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.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _______, 2016

LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT

By:________________________________
Name: ______________________________
Title:_______________________________

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT

____

By:________________________________
Name: ______________________________
Title:_______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Lammersville Joint Unified School District (the "District")
Name of Bond Issue:	$____________ Lammersville Joint Unified School District (County of San Joaquin, California) General Obligation Bonds, 2016 Election, Series A
Date of Issuance:	____________, 2016

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of ________, 2016. The District anticipates that the Annual Report will be filed by _____________.

Dated:_____________

DISSEMINATION AGENT

By: ______________________________
Its: ______________________________

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Series A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given 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 Series A Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A 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 Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. "DTC will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. 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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 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.

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

6. Redemption notices will 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, 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 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

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

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

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

APPENDIX G

COUNTY INVESTMENT POLICY AND INVESTMENT REPORT