

**RESOLUTION OF THE
BOARD OF EDUCATION OF THE
OAKLAND UNIFIED SCHOOL DISTRICT
COUNTY OF ALAMEDA, STATE OF CALIFORNIA**

RESOLUTION NO. 1213-0212

RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE OFFICIAL STATEMENTS WITH RESPECT TO NOT TO EXCEED \$120,000,000 PRINCIPAL AMOUNT OF OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2012, SERIES 2013

WHEREAS, pursuant to a resolution (the "2013 Bonds Resolution"), adopted on June 12, 2013, the Board of Education of the Oakland Unified School District, County of Alameda, California (herein called the "District"), authorized the sale and the issuance of one or more series of "Oakland Unified School District General Obligation Bonds, Election of 2012, Series 2013," with appropriate series designation (the "2013 Bonds"), in an aggregate principal amount not to exceed \$120,000,000;

WHEREAS, by said 2013 Bonds Resolution, this Board of Education (the "Board") heretofore approved the forms of a Bond Purchase Contract, a Paying Agent Agreement and a Continuing Disclosure Certificate, all with respect to the 2013 Bonds proposed to be issued and sold;

WHEREAS, on July 16, 2013, the County of Alameda authorized the sale and issuance of one or more series of "Oakland Unified School District General Obligation Bonds, Election of 2012, Series 2013" in an aggregate principal amount not to exceed \$120,000,000;

WHEREAS, there has been submitted and is on file with the Secretary of this Board a proposed form of Official Statement with respect to the 2013 Bonds, and the Board has examined and approved such document and now wishes to authorize and direct the completion, execution and distribution of such document in connection with the sale of the 2013;

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE OAKLAND UNIFIED SCHOOL DISTRICT DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1. Recitals: All of the above recitals are true and correct.

Section 2. Official Statement: The Official Statement relating to the 2013 Bonds and the 2013 Refunding Bonds, in substantially the form on file with the Secretary of the Board, is hereby approved with such changes, additions and corrections as the Acting Superintendent, the Deputy Superintendent, Business Services & Operations of the District, or

such other officer of the District designated in writing for the purpose (each an “Authorized District Representative”) may hereafter approve, and Siebert Brandford Shank & Co., LLC, as senior manager and representative of Piper Jaffray & Co., (collectively, the “Underwriters”) are hereby authorized to distribute copies of such Official Statement in its preliminary forms to persons who may be interested in purchasing the 2013 Bonds. Any Authorized District Representative is hereby authorized to certify to the Underwriter, on behalf of the District, that the preliminary form of the Official Statement was deemed final as of its date within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). Any Authorized District Representative is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information, and the Underwriters are hereby authorized and directed to deliver copies of such Official Statement in final form to the purchasers of the 2013.

Section 3. Approval of Actions: The Acting Superintendent, Deputy Superintendent, Business Services & Operations of the District, and any other officer of the District to whom authority is delegated in writing by one of the named officers for the purposes of the 2013 Bonds, are hereby authorized and directed to execute and deliver any and all certificates and representations concerning the contents of the Official Statement, which any of them deem necessary or desirable.

adoption. Section 4. Effective Date: This resolution shall take effect from and after its

PASSED AND ADOPTED this day, August 14, 2013, by the following vote:

AYES: Jody London, Christopher Dobbins, Roseann Torres, James Harris, Anne Washington, Vice President Jumoke Hinton Hodge, President David Kakishiba

NOES: None

ABSTAIN: None

ABSENT: None

APPROVED:

David Kakishiba
President of the Board of Education
of the Oakland Unified School District

ATTEST:

Gary Yee, Ed.D.
Secretary of the Board of Education
of the Oakland Unified School District

File ID Number: 13-1608
Introduction Date: 8/14/13
Enactment Number: 13-1523
Enactment Date: 8/14/13
By: OL

Attachment: Preliminary official statement dated August [], 2013

NEW ISSUE – BOOK-ENTRY ONLY

NO RATING

(See “MISCELLANEOUS – No Rating” herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, Bond Counsel observes that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$[_____]*

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
(Election of 2012, Series 2013)

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

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

The Oakland Unified School District General Obligation Bonds (Election of 2012, Series 2013) (the “Bonds”) are being sold by Alameda County (the “County”) on behalf of the Oakland Unified School District (the “District”) (i) to finance specific construction and modernization projects approved by the voters and (ii) to pay costs of issuance of the Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “RISK FACTORS” herein.

Interest on the Bonds is payable on February 1, 2014, and thereafter on each February 1 and August 1 to maturity. Principal of the Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside cover hereof. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to The Depository Trust Company, New York, New York (“DTC”), for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS – Payment of Principal and Interest” herein.

The 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 DTC. Purchasers will not receive certificates representing their interests in the Bonds. See “THE BONDS – Form and Registration” herein.

The Bonds are subject to redemption prior to maturity. See “THE BONDS – Redemption” herein.

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriters by Nixon Peabody, LLP, San Francisco, California. KNN Public Finance, Oakland, California, serves as Financial Advisor to the District in connection with the issuance of the Bonds. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about [_____] 1, 2013.

SIEBERT BRANDFORD SHANK & Co., L.L.C.

PiperJaffray

Dated: August __, 2013

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

**[\$[PAR AMOUNT]*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
(Election of 2012, Series 2013)**

\$_____ Serial Bonds

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† (_____)</u>
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\$_____ % Term Bond Maturing August 1, 20__, Yield† _____ % CUSIP* _____

* Preliminary, subject to change.

† Copyright 2013, American Bankers Association. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above. The CUSIP numbers are subject to change after the issuance of the Bonds as a result of various subsequent actions.

[Map of Overlapping Boundaries]

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

Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the foregoing and the other cautionary statements set forth in this Official Statement.

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

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

County of Alameda, California

Board of Supervisors

Keith Carson – President (District 5)
Scott Haggerty – Vice President (District 1)
Nate Miley – (District 4)
Wilma Chan (District 3)
Richard Valle (District 2)

Administration

Donald R. White
Treasurer-Tax Collector

Patrick O’Connell
Auditor-Controller

Oakland Unified School District

Board of Education

David Kakishiba
President, District 2

Jumoke Hinton Hodge
Vice President, District 3

Jody London
Member, District 1

Anne Campbell Washington
Member, District 4

Roseann Torres
Member, District 5

Christopher Dobbins
Member, District 6

James Harris
Member, District 7

Administration

Gary Yee, Ed.D
Acting Superintendent

Vernon Hal
*Deputy Superintendent
Business Services and Operations*

Jacqueline Minor
General Counsel

Timothy White
*Assistant Superintendent,
Facilities Planning & Management*

**Bond Counsel
and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Financial Advisor

KNN Public Finance
A Division of Zions First National Bank
Oakland, California

Disclosure Dissemination Agent

Digital Assurance Certification, L.L.C.
Winter Park, Florida

Paying Agent

U.S. Bank National Association
San Francisco, California

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[\$[PAR AMOUNT]*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
(Election of 2012, Series 2013)

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$_____ * aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012, Series 2013) (the “Bonds”), as described more fully herein.

Under State law, the Bonds are payable from an *ad valorem* tax levied by Alameda County (the “County”) on all taxable property in the Oakland Unified School District (the “District”) in an amount sufficient to pay principal and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

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

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for the complete provisions thereof. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Deputy Superintendent, Business Services and Operations, 1000 Broadway, Oakland, CA 94607. The District may impose a charge for copying, mailing and handling.

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 Underwriters or owners of any of the Bonds.

THE DISTRICT

The District is located in and is approximately coterminous with the City of Oakland, California (the “City”), located on the east side of San Francisco Bay, approximately 10 miles from San Francisco. The District’s boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining then-existing high school and elementary school districts.

During the 2013-14 school year, the District will operate 50 elementary schools, 14 middle schools, 6 comprehensive senior high schools, one alternative middle school, six alternative high schools, one continuation school serving grades 9-12, one alternative high school independent study program, one community day school, and one special education school. As of July 1, 2013, the beginning of the 2013-14 school year, 33 charter schools operated within the District. Excluding the students in the charter schools, approximately 36,000 students are served in grades Kindergarten through 12. As of the same date, the District employed approximately 4,359 employees, including certificated (credentialed teaching), classified (non-teaching) and management. The District has adopted a

* Preliminary, subject to change.

fiscal year 2013-14 general fund budget reflecting expenditures of approximately \$393.8 million. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District is governed by a Board of Education consisting of seven members. The members are elected to four-year terms in staggered years. From July 1, 2009 to June 30, 2013, Anthony Smith, Ph.D., served as Superintendent of the District. The Superintendent acts as chief executive officer of the District. On April 4, 2013, Dr. Smith announced his resignation which took effect on July 1, 2013. Dr. Gary Yee, Ed.D, former Board member, was appointed by the District's Board of Education as Acting Superintendent, effective July 1, 2013. After working as an educator for over 30 years (including serving in full-time faculty and administrative roles at Boston College, St. Mary's College of California and Holy Names University from 1995 until 2005), Dr. Yee retired from the Peralta Community Colleges as Vice Chancellor for Education Services in September 2008. Dr. Yee has also previously served as President of the District's Board of Education (2005), Vice President (2005 and 2009), and chair of the Teaching and Learning Committee (2009). Dr. Yee was re-elected President of the Board for a second term in 2011. [Add Vernon Hal Bio].

From May 30, 2003 to June 29, 2009, all or a portion of the functional areas of the District's operations were governed by a State Administrator (the "State Administrator") appointed by the State Superintendent of Public Instruction (the "State Superintendent") pursuant to special state legislation ("S.B. 39") enacted in response to the District's request for emergency financial assistance from the State during the 2002-03 fiscal year. On June 30, 2009, the District Board of Education regained full control of all functional areas of District governance. However, as long as the emergency loan made by the State to the District remains outstanding, a trustee appointed by the State Superintendent (the "State Trustee") will monitor and review the operation of the District, with the power to stay or rescind any action of the Board of Education that may affect the financial condition of the District. For discussion of the recent history of the District's finances and governance, and the powers of the State Trustee, see "RISK FACTORS" and APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – School District Governance, State Administration and Restoration of Local Control" and "– Financial History of the District" herein.

In May of 2013, the Controller released an audit report for the District for the Fiscal Year that ended June 30, 2011. The Controller was unable to express, and did not express, an opinion on the financial statements of the District of and for the year ending June 30, 2011. The Controller's audit report discussed a number of significant deficiencies and material weaknesses in internal controls over compliance, some of which are described in APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Accounting Practices". The Controller's audit report also expressed doubts about the District's ability to continue as a going concern. The District does not agree with the outcome of the Controller's audit, and has contested a number of findings. See "RISK FACTORS – Going Concern".

For additional information about the District's operations and finances, see APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX D: "UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

THE BONDS

Authority for Issuance; Purpose

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of Alameda County on July 16, 2013 (the "Resolution"), at the request of the District by its resolution adopted on June 12, 2013 (the "District Resolution"). The Bonds are issued pursuant to the specific provisions of a Paying Agent Agreement, tentatively dated as of August 1, 2013 (the "Paying Agent Agreement"), by and between

the District and U.S. Bank National Association, as paying agent for the Bonds (the “Paying Agent”), and acknowledged by the Treasurer-Tax Collector of the County.

The District received authorization (the “Authorization”) at an election held on November 6, 2012, by more than 55% of the votes cast by eligible voters within the District, to issue bonds of the District pursuant to a ballot measure summarized as follows:

“To improve the quality of Oakland schools and school facilities to better prepare students for college and jobs, to upgrade science labs, classrooms, computers and technology, improve student safety and security, repair bathrooms, electrical systems, plumbing and sewer lines, improve energy efficiency and earthquake safety, shall the Oakland Unified School District be authorized to issue \$475 million in bonds, with an independent citizens oversight committee and annual audits to guarantee funds are spent properly to benefit Oakland children?”

The Bonds are the first series of the authorized bonds to be issued. For discussion of previously issued general obligation bonds of the District, see APPENDIX B: “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – District Debt Structure” herein.

Form and Registration

The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX G: “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the cover page hereof on February 1 and August 1 of each year to maturity or earlier redemption, commencing on February 1, 2014 (each, an “Interest Payment Date”), computed using a year of 360 days consisting of twelve 30-day months. The Bonds authenticated and registered on any date prior to the close of business on January 15, 2014, will bear interest from the date of delivery. The Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bonds will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made by U.S. Bank National Association, acting as paying agent for the Bonds (the “Paying Agent”), to the person appearing on the registration books of the Paying Agent as the registered owner thereof (the “Owner”) as of the preceding Record Date, such interest to be paid by check or draft mailed to such Owner at such Owner’s address as it appears on such registration books or at such other address as the Owner may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number in the United States on file with the Paying Agent as of the applicable Record Date.

Principal will be payable at maturity, or upon redemption prior to maturity, upon surrender of Bonds at the Principal Corporate Office of the Paying Agent in St. Paul, Minnesota, or at such other place as the Paying Agent shall specify. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the Interest and Sinking Fund of the District within the Alameda County treasury, consisting of *ad valorem* taxes collected and held by the Treasurer-Tax Collector of the County (the "County Treasurer"), together with any net premium and accrued interest received upon issuance of the Bonds. So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer. See APPENDIX G: "BOOK-ENTRY ONLY SYSTEM."

Redemption*

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

Mandatory Sinking Fund Redemption. The \$_____ Series 2013 Term Bond maturing on August 1, 20__, are subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

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

*

* Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the term bond optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all the Bonds are called for redemption, the Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the Bonds of any given maturity are called for redemption, the portions of Bonds of that maturity to be redeemed shall be determined by lot.

Notice of Redemption. Notice of redemption of any Bond is required to be given by the Paying Agent not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books; and (ii) as may be

* Preliminary, subject to change.

further required in accordance with the Continuing Disclosure Certificate of the District. See APPENDIX F: "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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

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

Conditional Notice of Redemption. Any notice of optional redemption of the Bonds delivered in accordance with the Paying Agent Agreement may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds; (iii) the redemption shall be cancelled and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any Bond of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

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

Defeasance of Bonds

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

thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates, in the opinion of a Certified Public Accountant licensed to practice in the State.

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds and such obligation and all agreements and covenants of the District and of the County to such Owners under the Resolution shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described below shall apply in all events.

Unclaimed Moneys

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

Application and Investment of Bond Proceeds

The proceeds from the sale of the Bonds (net of premium and accrued interest, if any) will be deposited in the County treasury to the credit of the Building Fund of the District. Any premium or accrued interest received will be deposited in the Interest and Sinking Fund of the District in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District.

All funds held by the County Treasurer under the Resolution and the Paying Agent Agreement will be invested in the County Treasurer's investment pool, the Local Agency Investment Fund, or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code of the State, all pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California, and all or any portion of the Building Fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of Section 148 of the Code and the requirements of each rating agency then rating the Bonds necessary to maintain the then-current rating on the Bonds. See APPENDIX C: "COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL."

Estimated Sources and Uses of Funds

The Bonds were sold pursuant to the provisions of a Bond Purchase Agreement (as defined herein). See "MISCELLANEOUS – Underwriting" herein. The proceeds of the Bonds are expected to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount	
Original Issue Premium	_____
Total:	

Uses of Funds:

Deposit to Building Fund	
Deposit to Interest and Sinking Fund	
Costs of Issuance ⁽¹⁾	
Underwriters' Discount	_____
Total:	

⁽¹⁾ Includes Bond Counsel fees, Disclosure Counsel fees, Financial Advisor fees, Paying Agent fees, printing fees and other miscellaneous expenses.

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SEMI-ANNUAL DEBT SERVICE

Semi-Annual Debt Service Payments for the Bonds

The scheduled debt service for the Bonds will be as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>The Bonds</u> <u>Bonds Semi-Annual</u> <u>Debt Service</u>	<u>Annual</u> <u>Debt Service</u>
Total				

Combined Debt Service

In addition to the Bonds, the District has several other outstanding series of bonds that are on parity with the Bonds. See APPENDIX B: “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – District Debt Structure.” Prior to issuance of the Bonds, annual debt service obligations for all outstanding bonds of the District, including the Bonds (assuming no optional redemptions prior to maturity) will be as follows:

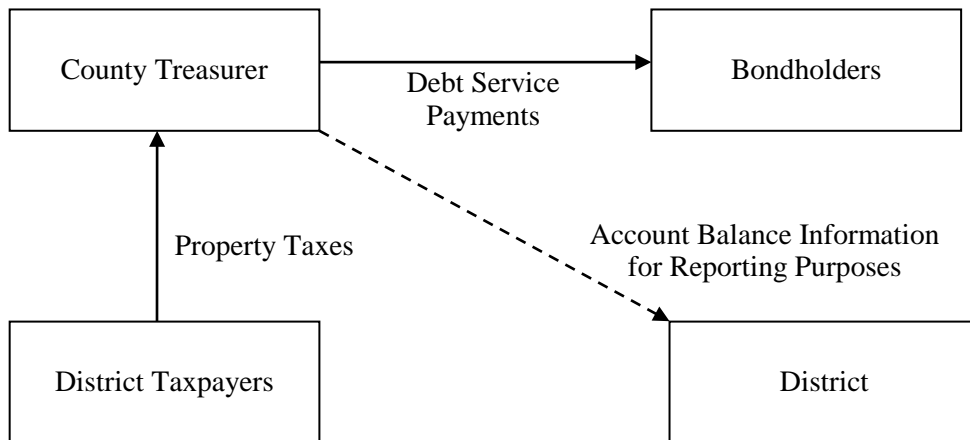
<u>Period Ending</u>	<u>Other Outstanding Bonds*</u>	<u>The Bonds</u>		<u>Total Annual Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	
2014	\$ 59,411,551			
2015	61,476,663			
2016	59,991,626			
2017	61,249,538			
2018	63,145,751			
2019	64,869,928			
2020	66,497,278			
2021	68,373,691			
2022	70,158,391			
2023	71,301,941			
2024	98,440,741			
2025	74,207,029			
2026	68,030,254			
2027	46,201,442			
2028	46,943,585			
2029	47,810,417			
2030	48,303,592			
2031	37,979,242			
2032	23,655,279			
2033	43,495,629			
2034	17,366,700			
Total	1,198,910,268			

* Gross debt service; subsidies for interest payments on Build America Bonds and Qualified School Construction Bonds not included.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and used solely for the payment of interest, principal, and redemption premium (if any) on the District's Bonds when due. The following diagram illustrates the flow of property taxes from District taxpayers to the Interest and Sinking Fund, and from there to Bondholders. The tax revenues collected for payment of the Bonds are deposited with the County and invested in the County Investment Pool. They are not legally available for any purpose other than payment of bonds of the District. See APPENDIX C: "COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL."



Property Taxation System

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in a district. School districts levy property taxes through the actions of the various county officers as described above for payment of voter-approved bonds and the proceeds of the levy are held by the county in a restricted fund and used only to pay debt service on the school district's outstanding bonds. School districts also receive property taxes for general operating purposes which constitute a part of the county's general 1% levy. These taxes are deposited in the district's General Fund and used by the district for its operations. The proceeds of the bond tax levy and the operating tax levy are not at any time co-mingled. While district staff and officers control the operation of the district's General Fund, no district staff controls the operation of the interest and sinking fund. Only

the county treasurer controls the operation of the interest and sinking fund, and the only legally permissible expenditures from such fund are for payments of the district's bonds.

Assessed Valuation of Property Within the District

Under Proposition 13, an amendment to the California Constitution adopted in 1978, the county assessor's valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold, and that may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See generally, APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. Residences newly constructed or acquired, and specifically those acquired prior to the downturn in the housing market may upon transfer substantially decrease in assessed value. Other factors which may affect the value of property and cause it to decline are substantial damage, destruction, or inflation. Proposition 13 allows that the full cash value base may reflect from year to year the inflationary rate, but it is not to exceed 2 percent for such increase in value.

State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. State law also exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling provided that the owner files for such exemption. This exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." State law requires that the assessment roll be finalized by August 20 of each year. Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds.

Recent History of Assessed Value. The following table shows the recent history of taxable property assessed valuation in the District.

**Oakland Unified School District
Summary of Assessed Valuation**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2002-03	\$22,389,684,317	\$49,548,055	\$1,686,149,546	\$24,125,381,918	–
2003-04	24,504,739,213	66,993,229	1,826,878,831	26,398,611,273	9.42%
2004-05	26,718,830,029	79,048,063	1,975,377,642	28,773,255,734	9.00
2005-06	29,544,549,594	77,961,166	2,120,081,747	31,742,592,507	10.32
2006-07	33,174,718,874	69,846,294	2,153,409,965	35,397,975,133	11.52
2007-08	36,532,402,606	38,365,380	2,217,827,560	38,788,595,546	9.58
2008-09	38,361,093,139	36,601,757	2,244,430,090	40,642,124,986	4.78
2009-10	36,970,846,568	20,111,731	2,411,540,443	39,402,498,742	(3.05)
2010-11	35,395,239,449	17,942,547	2,713,192,555	38,126,374,551	(3.24)
2011-12	35,751,945,435	19,640,604	2,727,442,229	38,499,028,268	0.98
2012-13	36,271,770,017	16,985,541	2,892,634,324	39,181,389,882	1.77

Source: California Municipal Statistics, Inc.

Risk of Decline in Property Values; Earthquake Risk. Assessed values could be reduced and tax payment delinquency rates could rise by general economic conditions, including factors beyond the District’s control, a depressed real estate market due to general economic conditions in the County, the region and the State, an earthquake, or other natural or manmade disasters. The District and surrounding area have experienced challenging economic conditions in recent years. For more information concerning general economic conditions in the District, see APPENDIX A: “THE ECONOMY OF THE DISTRICT.”

The assessed value of taxable property within the District was approximately \$38.1 billion in fiscal year 2010-11. Assessed value increased in fiscal year 2011-12 by approximately \$0.4 billion, or 1%. Assessed value further increased in fiscal year 2012-13 by approximately \$0.7 billion, or 1.8%. The District and surrounding area have had a slow recovery since the global economic downturn of 2008. General economic conditions can affect assessed values and tax payment delinquency rates. For more information concerning general economic conditions of the District, see APPENDIX A: “THE ECONOMY OF THE DISTRICT.”

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area, most notably the Hayward Fault (located within the District), and the San Andreas Fault (located approximately 12-14 miles to the west). The Loma Prieta earthquake, the most recent significant seismic event in the District, occurred in 1989 and was centered about 70 miles south of Oakland. It registered 6.9 on the Richter scale of earthquake intensity, and caused fires and collapse of and structural damage to buildings, highways and bridges in the Bay Area.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (the “U.S.G.S.”), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. For example, the U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause almost \$100 billion of damage. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area’s economic activity, in addition to decreasing the District’s assessed value.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or

religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds either by the District or other overlapping bonding jurisdictions in the future might also cause the tax rate to increase.

Appeals of Assessed Values. State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the County Assessor (the “Assessor”), who may grant or refuse the request, and may appeal an assessment directly to the Alameda County Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers. 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 Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the County Treasurer against all taxing agencies who received tax revenues, including the District.

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor’s measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above

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

Bonding Capacity. Under State law, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District’s gross bonding capacity is approximately

\$980 million and its net bonding capacity is approximately \$239.1 million (taking into account current outstanding debt before issuance of the Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

In accordance with the law which permitted the Bonds to be approved by a 55% popular vote, bonds approved by the District’s voters at the November 6, 2012 election may not be issued unless the District projects that repayment of all outstanding bonds approved at the election will require a tax rate no greater than \$60.00 per \$100,000 of assessed valuation. Based on the assessed valuation of taxable property in the District at the time of issuance of the Bonds, the District projects, pursuant to a certification to be delivered concurrently with the issuance of the Bonds, that the maximum tax rate required to repay the Bonds will not cause the District to exceed the aforementioned legal limit.

Largest Taxpayers in District. The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2012-13 secured property tax roll, and the assessed valuations thereof, are shown below.

**Oakland Unified School District
Major Taxpayers 2012-13**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2012-13 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	CIM Oakland LP	Office Building	\$ 453,851,855	1.25%
2.	OCC Venture LLC	Office Building	236,324,495	0.65
3.	SIC Lakeside Drive LLC	Office Building	184,469,180	0.51
4.	Kaiser Foundation Health Plan Inc.	Office Building	146,180,919	0.40
5.	Digital 720 2 nd LLC	Shopping Center	128,264,362	0.35
6.	1800 Harrison Foundation	Office Building	125,009,321	0.34
7.	Oakland Property LLC	Office Building	125,000,000	0.34
8.	555 Twelfth Street Venture LLC	Office Building	118,911,753	0.33
9.	Suncal Oak Knoll LLC	Planned Residential	116,856,652	0.32
10.	Clorox Company	Office Building	103,302,957	0.28
11.	Eastmont Oakland Associates LLC	Commercial	82,086,782	0.23
12.	Owens Brockway Glass Container Inc.	Industrial	68,009,192	0.19
13.	BRE Properties Inc.	Apartments	66,875,514	0.18
14.	Essex Portfolio LP	Apartments	64,803,910	0.18
15.	Brandywine Operating Partnership	Office Building	58,665,749	0.16
16.	LBA Riv Co. LLC	Office Building	58,505,000	0.16
17.	WM Allegro LLC	Apartments	57,368,350	0.16
18.	Schnitzer Steel Products of California	Industrial	55,715,185	0.15
19.	KSL Claremont Resort Inc.	Hotel/Resort	50,780,140	0.14
20.	Fruitvale Station LLC	Shopping Center	<u>41,000,000</u>	<u>0.11</u>
			<u>\$2,341,981,316</u>	<u>6.46%</u>

⁽¹⁾ 2012-13 Total Local Secured Assessed Valuation: \$36,271,770,017.

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**Oakland Unified School District
Assessed Valuation and Parcels by Land Use**

	2012-13 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Commercial	\$ 6,483,987,560	17.88%	5,758	5.24%
Vacant Commercial	124,805,322	0.34	449	0.41
Industrial	3,153,071,119	8.69	2,217	2.02
Vacant Industrial	136,047,956	0.38	489	0.45
Recreational	59,284,764	0.16	254	0.23
Government/Social/Institutional	<u>257,087,302</u>	<u>0.71</u>	<u>3,699</u>	<u>3.37</u>
Subtotal Non-Residential	\$10,214,284,023	28.16%	12,866	11.72%
Residential:				
Single Family Residence	\$18,922,791,606	52.17%	66,556	60.62%
Condominium/Townhouse	2,665,918,207	7.35	9,555	8.70
Mobile Home	24,120,880	0.07	172	0.16
2-4 Residential Units	1,373,026,497	3.79	13,875	12.64
5+ Residential Units/Apartments	2,927,141,863	8.07	2,901	2.64
Residential-Miscellaneous Uses	62,819,644	0.17	91	0.08
Vacant Residential	<u>81,667,297</u>	<u>0.23</u>	<u>3,770</u>	<u>3.43</u>
Subtotal Residential	\$26,057,485,994	71.84%	96,920	88.28%
Total	\$36,271,770,017	100.00%	109,786	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, which comprise approximately 52.2% of the assessed value of taxable property in the District. The average assessed value per parcel is \$284,314 and the median assessed value per parcel is \$188,835.

**Oakland Unified School District
Assessed Valuation of Single Family Homes
Fiscal Year 2012-13**

	No. of <u>Parcels</u>	2012-13 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>		
Single Family Residential	66,556	\$18,922,791,606	\$284,314	\$188,835		
<u>2012-13 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	6,459	9.705%	9.705%	\$ 241,085,255	1.274%	1.274%
\$50,000 - \$99,999	10,189	15.309	25.014	765,550,449	4.046	5.320
\$100,000 - \$149,999	10,515	15.799	40.812	1,302,715,505	6.884	12.204
\$150,000 - \$199,999	7,491	11.255	52.067	1,294,852,017	6.843	19.047
\$200,000 - \$249,999	5,577	8.379	60.447	1,241,390,530	6.560	25.607
\$250,000 - \$299,999	4,301	6.462	66.909	1,173,504,277	6.202	31.809
\$300,000 - \$349,999	3,372	5.066	71.975	1,089,695,148	5.759	37.567
\$350,000 - \$399,999	2,865	4.305	76.280	1,069,995,546	5.655	43.222
\$400,000 - \$449,999	2,314	3.477	79.757	978,134,710	5.169	48.391
\$450,000 - \$499,999	1,982	2.978	82.735	936,372,513	4.948	53.339
\$500,000 - \$549,999	1,729	2.598	85.333	903,887,346	4.777	58.116
\$550,000 - \$599,999	1,570	2.359	87.692	899,900,372	4.756	62.872
\$600,000 - \$649,999	1,432	2.152	89.843	892,621,018	4.717	67.589
\$650,000 - \$699,999	1,208	1.815	91.658	810,151,247	4.281	71.870
\$700,000 - \$749,999	1,161	1.744	93.403	836,722,255	4.422	76.292
\$750,000 - \$799,999	833	1.252	94.654	641,904,351	3.392	79.684
\$800,000 - \$849,999	647	0.972	95.626	530,917,187	2.806	82.490
\$850,000 - \$899,999	514	0.772	96.399	447,136,964	2.363	84.853
\$900,000 - \$949,999	373	0.560	96.959	342,796,032	1.812	86.664
\$950,000 - \$999,999	331	0.497	97.456	321,036,534	1.697	88.361
\$1,000,000 and greater	<u>1,693</u>	<u>2.544</u>	100.000	<u>2,202,422,350</u>	<u>11.639</u>	100.000
Total	66,556	100.000%		\$18,922,791,606	100.000%	

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

Tax Rates, Levies, Collections and Delinquencies

The annual property tax rate is limited to 1% of the full cash value, plus any additional rate amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year. The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. Economic and other factors beyond the District’s control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. (For further discussion, see “– Assessed Valuation of Property Within the District – *Recent History of Assessed Value*” and “RISK FACTORS – Risks to the Property Tax Base.”)

As required by State law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, city and other special district taxes.

The following table shows *ad valorem* property tax rates in dollars per \$100 of assessed value for fiscal years 2008-09 through 2012-13 in a typical Tax Rate Area of the District (TRA 17-001). TRA 17-001 comprises approximately 47% of the total assessed value of taxable property in the District.

Oakland Unified School District
Typical Total Tax Rates per \$100 of Assessed Valuation
TRA 17-001 – 2012-13 Assessed Valuation: \$18,226,421,432

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Oakland Unified School District Bonds	.0835	.1259	.1267	.1305	.1384
Peralta Community College District Bonds	.0362	.0430	.0430	.0436	.0434
Bay Area Rapid Transit District	.0090	.0057	.0031	.0041	.0043
East Bay Regional Park District Bonds	.0100	.0108	.0084	.0071	.0068
East Bay Municipal Utility District Bonds	.0064	.0065	.0067	.0067	.0051
City of Oakland	<u>.1929</u>	<u>.2189</u>	<u>.2207</u>	<u>.2192</u>	<u>.2077</u>
Total	1.3380	1.4108	1.4086	1.4112	1.4057

Source: California Municipal Statistics, Inc.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers. When necessitated by changes in assessed value in the course of a year, a supplemental assessment is prepared, and taxes are pro-rated for the portion of the tax year remaining after the change.

Property taxes on the secured roll are due in two equal installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent attaches immediately to all delinquent payments. If the taxes have not been paid by June 30, the tax is deemed to be in default. Secured roll property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If the taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at a public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the lien date of January 1 and become delinquent if unpaid on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the County

Treasurer may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The County Treasurer may also bring a civil suit against the taxpayer for payment.

**Oakland Unified School District
Tax Collections and Delinquencies**

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Del. June 30</u>	<u>Percent Del. June 30</u>
2001-02	\$24,224,870.96	\$1,062,905.16	4.39%
2002-03	31,047,499.94	1,446,447.84	4.66
2003-04	30,343,463.42	1,234,163.56	4.07
2004-05	37,305,068.67	1,534,788.19	4.11
2005-06	42,744,753.00	1,866,038.08	4.37
2006-07	46,493,487.76	2,886,125.96	6.21
2007-08	49,533,162.50	3,750,930.53	7.57
2008-09	52,208,875.88	3,537,133.99	6.77
2009-10	66,552,286.84	3,529,755.43	5.30
2010-11	64,969,613.31	2,779,923.73	4.28
2011-12	66,438,365.38	2,206,564.05	3.32

⁽¹⁾ District's general obligation bond and parcel tax levy.

Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. However, the County of Alameda does not apply the Teeter Plan to taxes levied for repayment of school district bonds. In order to ensure sufficient funds are on deposit in the Interest and Sinking Fund on each principal and interest payment date, despite potential delinquencies in tax collections, the County has historically levied a tax in each year sufficient to cover debt service obligations of the District for the succeeding eighteen months, which has resulted in a surplus balance in the Interest and Sinking Fund each year.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in the boundaries of that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in the boundaries of that agency. The Board of Supervisors has never elected to exercise this right with respect to the District, although the delinquency rate within the boundaries of the District has remained above 3% of the total of taxes and assessments levied on the secured roll since fiscal year 2001-02.

Direct and Overlapping Debt. Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of May 10, 2013, and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

**Oakland Unified School District
Direct and Overlapping Bonded Debt**

OAKLAND UNIFIED SCHOOL DISTRICT

2012-13 Assessed Valuation: \$39,181,389,882

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/13⁽¹⁾</u>
Bay Area Rapid Transit District	7.795%	\$ 32,013,286
East Bay Municipal Utility District, Special District No. 1	51.452	9,546,919
East Bay Regional Park District	12.047	16,331,516
Peralta Community College District	55.018	228,588,786
Oakland Unified School District	100.000	740,425,000⁽²⁾
City of Oakland	98.212	231,762,559
City of Oakland 1915 Act Bonds	100.000	6,545,000
City of Emeryville 1915 Act Bonds	3.914	255,976
City of Piedmont 1915 Act Bonds	4.792	151,427
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$1,265,620,469</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	19.819%	\$ 126,635,482
Alameda County Pension Obligations	19.819	21,657,728
Alameda-Contra Costa Transit District Certificates of Participation	23.149	7,264,156
Peralta Community College District Pension Obligations	55.018	88,110,826
Oakland Unified School District Lease Revenue Bonds	100.000	46,815,000⁽³⁾
City of Emeryville General Fund Obligations	0.011	522
City of Oakland General Fund Obligations	98.212	276,461,869
City of Oakland Pension Obligations	98.212	360,824,508
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$927,770,091</u>

OVERLAPPING TAX INCREMENT DEBT: \$480,980,938

COMBINED TOTAL DEBT \$2,674,371,498⁽⁴⁾

Ratios to 2012-13 Assessed Valuation:

Direct Debt (\$740,425,000)	1.89%
Total Direct and Overlapping Tax and Assessment Debt	3.23%
Combined Direct Debt (\$787,240,000)	2.01%
Combined Total Debt	6.83%

Ratios to Redevelopment Incremental Valuation (\$9,490,274,104):

Total Overlapping Tax Increment Debt..... 5.07%

(1) Report prepared 5/10/13. Excludes any bonds sold between 5/10/13 and 7/1/13.

(2) Excludes the Bonds to be sold.

(3) State School Fund Apportionment, Refunding Series 2008 issued by California Infrastructure and Economic Development Bank.

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

Source: California Municipal Statistics, Inc.

RISK FACTORS

The factors discussed below (among others) should be considered in evaluating the probability of repayment of the Bonds. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors should consider the following factors, among others, and review the other information in this Official Statement. Any one or more of the considerations discussed, and others, could lead to a decrease in the market value and or the liquidity of the Bonds. There can be no assurance that other factors and considerations will not become material in the future.

Risks to the Property Tax Base

Certain events could cause a decline in assessed value of property in the District, requiring the County to increase tax rates in order to meet the debt service obligations on the Bonds.

The property tax base has previously and may again shrink due either to base year assessment appeals or due to blanket reductions of assessed values. For more detail concerning base year assessment appeals or blanket reductions of assessed values, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District.” Assessed value has in the past and may in the future decline. For a recent history of assessed value in the District, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District – *Recent History of Assessed Value.*”

Increased unemployment and other general economic conditions in the District may also correlate with a decline in assessed value and an increase in delinquent tax payments. The entire U.S. economy has faced economic challenges in the last few years. For more information regarding unemployment and general economic conditions in the District and surrounding areas, see APPENDIX A: “THE ECONOMY OF THE DISTRICT.”

The property tax base in the district is located on a seismically active fault in California and could sustain a significant decline in value were a large-magnitude earthquake to occur. Property values in the District could also be adversely affected by a number of other natural or manmade disasters. For a more detailed discussion of earthquake risk, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District – *Recent History of Assessed Value.*”

The reorganization of regulated utilities and the transfer of electricity generating property between State-assessed utilities and non-utility companies may also have an effect on the size of the District’s tax base. A more in-depth discussion of how state-assessed property affects the size of the tax base is available at “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Value of Property Within the District – *State Assessed Property.*”

As mandated by law, the tax collector of the County has sole responsibility for the levy and collection of the tax imposed to pay the principal of and interest on the District’s bonds. Pursuant to State Law, the proceeds of the tax levy are never in the custody of the District or available for any other purpose, and are at all times segregated from the operating revenues of the District. The management team of the District has no role in the process of taxation and payment of the District’s bonds. Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the interest and sinking fund administered by the County tax collector, there is no statutory obligation that it use operating revenues to support its bonds in this way. It should not be inferred from the inclusion of information in this section concerning the operations of the District and the District’s finances that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues.

Incomplete Audit Reports; Limited Scope Audits

The District experienced increasing financial strain over a period of several years, culminating in 2003 with an emergency loan from the State and the appointment of a State Administrator to assume the powers of the District's Board and Superintendent, pursuant to S.B. 39. Although the Board regained full control of District governance in June of 2009, certain historical information described in this section may be of particular interest to investors in the Bonds. More complete information about the District's financial history and steps taken to fiscal recovery are described in APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – School District Governance, State Administration and Restoration of Local Control," "– Financial History of the District" and "– District Debt Structure."

In December 2002, the District's unaudited financial statements for the Fiscal Year 2001-02 showed a General Fund deficit of \$31 million as of June 30, 2002, which was projected to reach \$52 million by June 30, 2003. Before the audit could be completed, a Financial Crisis Management Assistance Team ("FCMAT") declared a fiscal emergency in the District, and the Board of Education requested the emergency loan from the State, resulting in the adoption of S.B. 39 and the State takeover of the District's financial affairs. Although the audit of the financial statements for Fiscal Year 2001-02 was completed by KPMG, the District never formally approved the audit report, and therefore does not have audited financial statements for that fiscal year.

Since 2002, the District's financial statements have not been audited by an independent public accounting firm. The California Controller's Office (the "Controller"), acting as the District's independent auditor, as required by S.B. 39, has performed audits of the District's Fiscal Year 2002-03 through 2007-08 and 2010-11 financial statements, however in each case limited its opinion in scope to state and federal program compliance. Such audits have not included opinions regarding financial transactions.

In May of 2013, the Controller released an audit report for the District for the Fiscal Year that ended June 30, 2011. The Controller was unable to express, and did not express, an opinion on the financial statements of the District of and for the year ending June 30, 2011. The Controller's audit report discussed a number of significant deficiencies and material weaknesses in internal controls over compliance, some of which are described in APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Accounting Practices". The Controller's audit report also expressed doubts about the District's ability to continue as a going concern. See "RISK FACTORS – Going Concern".

The financial information presented in APPENDIX D represents the unaudited actual financial statements of the District for fiscal year 2011-12. The financial information presented in APPENDIX B is generally derived from unaudited information except where audited information is available. Until the Superintendent of Public Instruction, in consultation with the Controller, determines that the District is financially solvent, the District must be audited annually by the Controller, the Controller's designee, or an independent auditor selected by the District and approved by the Controller. The District has recently hired Vavrinek, Trine, Day and Co, LLP, an independent auditor, to perform audits for Fiscal Years 2011-12 and 2012-13. These audits are expected to be delivered in the spring of 2014. No date certain has been set for receipt. The fact that the Superintendent of Public Instruction has not yet made a determination of the District's financial solvency does not infer or imply anything regarding the actual solvency of the District. For further discussion, see APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

The Alameda County Office of Education ("ACOE") reviews the District's budget, interim and unaudited financial reports throughout the year. The ACOE also reviews and processes each expenditure and receipt and performs internal reconciliation of the District's cash and budget. See APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Pending Audits of District Financial Statements" and "Other Audits; Audit Findings" herein. Also see "District Financial Considerations" below.

Going Concern

In the audit report for Fiscal Year that ended June 30, 2011, the Controller's office stated that based on their review of the District's fiscal condition, there is continuing doubt about the District's ability to continue as a going concern. Their conclusion is based on several findings, including, among other things, possible insufficiency of available reserves, qualified certifications of interim financial reports, Federal and State Compliance audit findings, and a negative fund balance in the Self-Insurance fund. For a more detailed discussion of these findings, please see the Oakland Unified School District Audit Report for the Fiscal Year Ended June 30, 2011.

Effects of Possible District Bankruptcy

State law provides that for so long as any of the State School Fund Apportionment Lease Revenue Bonds issued by the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") on behalf of the District are outstanding, the District cannot file for bankruptcy. See APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – District Debt Structure – Refunding of a Portion of the State Emergency Apportionment Loan" herein. The final maturity of the Infrastructure Bank bonds is in 2023. The District can make no prediction as to whether the Infrastructure Bank bonds will remain outstanding to their scheduled maturity. Thus, it is not clear how long such a prohibition would last. In addition, federal law determines whether or not the District can file for bankruptcy relief, and while the District believes that a federal bankruptcy court will enforce the State law prohibition on filing for bankruptcy, the District can give no assurance that the prohibition will be enforced. It is also possible that federal law could be amended in a manner so that the State law prohibition is no longer enforceable. Furthermore, if the State were to repeal the relevant law, then the District may be able to file for bankruptcy. While the State has pledged for the benefit of the holders of the Infrastructure Bank bonds that it will not amend or repeal this prohibition on a District bankruptcy in any manner that would materially impair the security or other interests of holders of any of the Infrastructure Bank bonds, the District can make no representation or prediction as to the enforceability of this pledge, or whether if the pledge were breached, holders of the Infrastructure Bank bonds would seek to enforce it. The pledge is not made for the benefit of holders of the Bonds and the holders of the Bonds do not have the right to enforce the pledge.

In addition, State law also limits the filing of bankruptcy proceedings by school districts, such as the District, to specified circumstances. The District believes the State Superintendent of Schools would have to appoint an administrator for the District and the administrator would determine whether or not the District should file for bankruptcy. The District can provide no assurance, however, that a bankruptcy court would agree with the District's interpretation of the law.

If the District were to become a debtor in a bankruptcy case, it would be a debtor under Chapter 9 of the Bankruptcy Code.

If the ad valorem tax revenues that fund the Bonds are "special revenues" under Chapter 9, then ad valorem revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture (subject to the risks of commingling discussed below). The District believes that the ad valorem taxes are special revenues, but the District can give no assurance that a bankruptcy court will agree with the District's interpretation of the law. "Special revenues" are defined to include taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. It is possible that a bankruptcy court would conclude that the ad valorem tax is a general property tax levied to finance the general purposes of the District, and thus that the ad valorem tax revenues are not special revenues.

Chapter 9 also provides that Chapter 9 does not limit or impair the power of the applicable state to control its municipalities in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. California state law provides that the ad valorem taxes must be used to pay principal and interest on the Bonds. The District believes that this law would be respected in any bankruptcy proceeding so that the ad valorem tax revenues could not be used by the District for any purpose other than to make payments on the Bonds,

but there are very few court decisions as to the precise meaning of this provision of Chapter 9, and no assurance can be given that a bankruptcy court would not conclude otherwise.

If it were to be determined that the ad valorem tax revenues are not special revenues, then the lien of the Indenture likely will not attach to any ad valorem tax revenues collected after the date of the bankruptcy filing. If it is also determined that the ad valorem tax revenues can be used for other purposes, then it is not clear whether the holders of the Bonds would be treated as general unsecured creditors of the District or whether the holders of the Bonds would have no further claim against any assets of the District.

Under any circumstance, the bankruptcy court may determine that the District is entitled to use ad valorem tax revenues to pay the necessary operating expenses of the District and its schools prior to paying debt service on the Bonds, regardless of the provisions of the Indenture.

If the District is in bankruptcy, the parties may be prohibited from taking any action to collect any amount from the District (including ad valorem tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. This prohibition may also prevent the Trustee from making payments to the holders of the Bonds from funds in the Trustee's possession. While the County Tax Collector has agreed that it will pay the ad valorem tax revenues directly to the Trustee, so that the District never receives them, it is not clear whether this arrangement is enforceable in bankruptcy or whether the District will instead be able to require that ad valorem tax revenues be paid directly to it by the County Tax Collector.

In the event of a District bankruptcy filing, the District may be able to borrow additional money that is secured by a lien on any of its property (including the ad valorem tax revenues), which lien could have priority over the lien of the Indenture, as long as the bankruptcy court determines that the rights of the holders of the Bonds will be adequately protected. The District may be able to cause some of the ad valorem tax revenues to be released to it, free and clear of lien of the Indenture, as long as the bankruptcy court determines that the rights of the holders of the Bonds will be adequately protected.

The District may be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a bankruptcy proceeding of the District, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

Commingling Risks

The County Tax Collector may commingle ad valorem tax revenues that it receives on behalf of the District with other funds before it turns over the ad valorem tax revenues to the Trustee. The Trustee and the holders of the Bonds may not have a lien on such commingled ad valorem tax revenues and the County Tax Collector may fail or be unable to turn over to the Trustee any ad valorem tax revenues that are in its possession and have been commingled with other moneys. Ad valorem tax revenues that have been commingled with other moneys may no longer be subject to the State law that requires ad valorem tax revenues to be used by the District to pay principal and interest on the Bonds. Under any of such circumstances, there could be delays or reductions in payments on the Bonds.

Risk of Investment Losses

Pending delivery of ad valorem tax revenues to the Trustee, the County Tax Collector may invest the ad valorem tax revenues in the [Alameda County Investment Pool] or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

District Financial Considerations

The District has presented information concerning its finances and operations and has detailed the State funding of education in APPENDIX B as supplementary information. Because some of the events and circumstances discussed in APPENDIX B are anomalous, they are noted below. However, neither the principal of nor interest on the Bonds is payable either from the general fund of the District or from State revenues. The Bonds are paid by the County from an *ad valorem* property tax levied by the County – moneys over which the District exerts no control.

The State policy of deferring payments due to school districts into the subsequent fiscal year has contributed to the District's past and anticipated need to temporarily borrow in anticipation of state payments. The District has sources from which to borrow, including borrowing from moneys held in fund or accounts other than the General Fund. The District may also issue Tax and Revenue Anticipation Notes with the approval of the County Office of Education.

Because the District is dependent on the State for a substantial portion of its operating funds, it is susceptible to changes in State funding. Reductions in State funding may have an adverse effect on the District's financial health. In recent years the State has reduced its funding of the District to try to address shortfalls in the State budget, and these reductions have caused concomitant reductions in the District's budget. For a more detailed discussion of the relationship between State funding of education and the District's budget, see APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

Audit findings remain unresolved for fiscal year 2010-11, and the District cannot predict whether the audits for 2008-09, 2009-10 and 2011-12, when and if completed, will also contain findings or what the District's liability may be pursuant to such findings, if any.

According to the Controller, the District may be required to repay approximately \$3.95 million in federal funding for findings related to fiscal year 2010-11 annual audits. The District may also be required to repay \$14.5 million in State funding for findings identified in the fiscal year 2010-11 annual audit. The District has \$10 million available for the repayment of audit findings. The District's reserves available for the repayment of audit findings, combined with the reserves designated for economic uncertainties total \$22.6 million, more than the District's maximum exposure from audit findings.

The District has set-aside \$8,174,566 million as a designation in the General Fund Ending Balance to pay for prior year audit findings. The District has set aside an additional 1%, in addition to the 2% required to be kept in the Reserve for Economic Uncertainty. If needed, the District could draw on that 1%, or approximately \$4,000,000. Depending on findings from the years not yet audited, the District cannot guarantee that these moneys will be sufficient. Please see APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Pending Audits of District Financial Statements" for further information on these audit findings.

No Rating

The Bonds have not been rated by a rating agency. Both Standard and Poor's and Moody's Investors Service have withdrawn their underlying ratings of the District's bonds. For more information about the withdrawal of the District's ratings, see "MISCELLANEOUS – No Rating" below.

TAX MATTERS

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

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration's proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 31, 2013, would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E: "PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in the State of California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2012-13 Fiscal Year (which is due no later than March 31, 2014) and to provide notices of the occurrence of certain

enumerated events. The Annual Report and the notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the “MSRB”). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX F: “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The District has made similar covenants in connection with prior issues of municipal securities of the District. The District has filed all required Annual Reports in a timely manner. However, since the Annual Reports for Fiscal Year 2001-02 were not finalized or accepted by the District, the Annual Report for fiscal year 2001-02 did not contain audited financial statements and is therefore incomplete. The District did not file audited financial statements for Fiscal Years 2004-05 through 2011-12 with its Annual Report for those years because such audits had not yet been completed by the Controller. The District filed all required notices pursuant to the Rule in connection with such delayed audited financial statements and filed unaudited financial statements for Fiscal Years 2001-02 and 2004-05 through 2011-12. The District filed the audited financial statements for Fiscal Years 2004-05, 2005-06, 2006-07, 2007-08 and 2010-11 as soon as they were completed. The Controller has not yet begun audits for Fiscal Years 2008-09, 2009-10 or 2011-12. See “RISK FACTORS – Incomplete Audit Report; Limited Scope Audits” above. Copies of all notices and Annual Reports filed by the District pursuant to the Rule and the covenants of the District may be obtained from the District or from the MSRB.

No Litigation

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

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. See, however, APPENDIX B: “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Other Audits; Audit Findings” herein.

MISCELLANEOUS

No Rating

The Bonds have not been rated by any rating agency. On February 11, 2011, Standard and Poor’s Ratings Services withdrew their underlying ratings of the District’s bonds. On February 15, 2012, Moody’s Investor Service withdrew their underlying rating of the District’s bonds. The decision to withdraw the District’s ratings reflects only the views of the ratings agencies, and any explanation of the significance of such withdrawal may only be obtained from the agencies themselves. The District cannot predict when or if either of the rating agencies mentioned above will reinstate their ratings of the District, or, if they do, what the reinstated ratings may be.

Upon receipt of an auditor’s report in which the auditor renders an opinion on the District’s financial statements for the immediately preceding fiscal year, the District covenants and agrees that, if it is determined by an authorized representative of the District to be in the best interests of the District, it shall, as soon as practicable after receipt of such report, apply for one or more credit ratings to be assigned to the Bonds. The District makes no prediction as to whether or when any such rating or ratings will be assigned to the Bonds.

Professionals Involved in the Offering

KNN Public Finance, a division of Zions First National Bank, is acting as Financial Advisor to the District in connection with the issuance of the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Orrick, Herrington & Sutcliffe LLP, San Francisco, California is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California is acting as Paying Agent with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being sold by Siebert Brandford Shank & Co., LLC, as representative (the "Representative") of itself and Piper Jaffray as underwriters (collectively, the "Underwriters") pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated _____, 2013, at a price of \$_____ (which represents the aggregate principal amount of the Bonds, and \$_____ of premium). The Bond Purchase Agreement provides that the purchase of the Bonds is contingent upon certain legal requirements and other matters. The Representative has certified certain information regarding the reoffering prices or yields set forth on the inside cover hereof regarding the Bonds. The Underwriters' compensation ("spread") is \$_____. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

Piper Jaffray and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation ("Pershing LLC"), entered into an agreement which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray, including the Bonds. Under the agreement, Piper Jaffray will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray.

Piper Jaffray has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from Piper Jaffray at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Additional Information

Quotations from and summaries and explanations of the Bonds, the Resolutions and the Paying Agent Agreement providing for issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Deputy Superintendent, Business Services and Operations, 1000 Broadway, Oakland, CA 94607.

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

OAKLAND UNIFIED SCHOOL DISTRICT

By _____
Deputy Superintendent,
Business Services and Operations

APPENDIX A

THE ECONOMY OF THE DISTRICT

The following economic data are presented for information purposes only. The Bonds are not a debt or obligation of the City of Oakland, or the County of Alameda.

General

Economic data specific to the exact boundaries of the Oakland Unified School District (the “District”) is unavailable, therefore information regarding the City of Oakland (the “City”) is provided. The District encompasses slightly more land than the City, but since they are virtually co-terminous, the data provided here is representative of what is occurring in the District. Where information for the City is unavailable, data from the County of Alameda (the “County”) is used. The City is located in the County, which has a population of 1,548,681 according to the U.S. Census Bureau. The City, with a population of approximately 399,326 as of January 1, 2013, comprises just over one-quarter of the County’s population.

The City is located on the eastern shore of the San Francisco Bay (the “Bay”), approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the largest and most established of the “East Bay” cities. Its geography ranges from industrialized areas in the west which border the Bay to suburban foothills in the east. The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an international airport and the Bay Area Rapid Transit system (“BART”), which connects the City by commuter rail with most of the Bay Area. Formerly the industrial heart of the San Francisco Bay Area (the “Bay Area”), the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the “State”).

The City has a diverse mix of traditional and new economy companies. Leading industries include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture, and entertainment. Prominent employers or businesses headquartered in the City include Clorox Company, Kaiser Permanente, Cost Plus and Dreyer’s Grand Ice Cream.

Culturally, the City is home to a regionally and nationally recognized symphony, many up-and-coming artistic and cultural institutions, an award-winning zoo, the Paramount Theater and newly-renovated Fox Theater, a burgeoning restaurant scene, the recently remodeled Oakland Museum of California, and a vibrant nightlife. The City is also the only city in California with three major professional sports teams. The Oakland Athletics, the Golden State Warriors, and the Oakland Raiders all play at stadiums within the City, and at other times these venues are used for concerts, other sporting events, and other purposes.

The City boasts one of the highest percentages of parks and open space per capita in the nation. The City counts lush green hills, forests, creeks, an estuary, and two lakes among its natural amenities, and the extensive East Bay Regional Park District is easily accessible from the City.

Population

The Demographic Research Unit of the California Department of Finance estimated the City's population on January 1, 2013 at 399,326. This figure represents 25.79% of the corresponding County figure and 1.05% of the corresponding State figure. The City's population grew 1.13% since the same time the previous year. The following table sets forth the estimated population of the City, the County, and the State for calendar years 2003 through 2013.

POPULATION GROWTH City, County of Alameda and State of California Population Years 2003 – 2013

Calendar Year ⁽¹⁾	City	County	State
2003	397,440	1,467,892	35,163,609
2004	394,917	1,466,407	35,570,847
2005	389,937	1,462,736	35,869,173
2006	386,350	1,462,371	36,116,202
2007	285,882	1,470,622	36,399,676
2008	387,554	1,484,085	36,704,375
2009	389,913	1,497,799	36,966,713
2010 ⁽²⁾	390,724	1,510,271	37,253,956
2011	392,333	1,517,756	37,427,946
2012	394,832	1,530,176	37,668,804
2013	399,326	1,548,681	37,966,471

⁽¹⁾ As of January 1

⁽²⁾ These population estimates incorporate the 2010 census count. As a result, they are not comparable with prior years.

Source: CA Department of Finance, as of May 1, 2013

Employment

The following table sets forth the largest industries in the County in terms of employment in each respective industry, as estimated by the State Employment Development Department as follows (comparable information is not available for the City, more recent data is not yet available):

**County of Alameda
Employment by Industry Group
Annual Averages 2007 – 2011**

Industry Employment ⁽¹⁾	2007	2008	2009	2010	2011
Agriculture	800	700	700	700	600
Manufacturing	73,700	72,300	64,100	60,500	61,700
Other Goods Producing	43,800	40,300	33,600	30,300	30,000
Trade, Transportation, Warehousing and Utilities	137,000	131,800	121,700	118,300	117,700
Information	16,000	16,100	14,900	14,000	13,700
Finance, Insurance, and Real Estate	33,300	30,600	22,400	22,900	22,800
Professional and Business Services	108,600	112,900	102,800	104,400	108,800
Education and Health Services	79,500	83,000	89,500	91,100	88,300
Leisure and Hospitality	54,800	56,300	53,900	54,100	55,100
Other Services	23,700	23,700	22,900	22,900	23,500
Government	131,700	124,600	121,200	118,200	114,700
TOTAL⁽²⁾	702,900	692,300	646,900	646,900	636,700

⁽¹⁾ Based on place of work.

⁽²⁾ May not be precise due to rounding.

Source: State of California, Employment Development Department, Labor Market Information Division.

Industry and Employment

The following table sets forth estimates of the labor force, civilian employment, and unemployment for City residents, State residents and United States residents from calendar years 2006 through 2012.

City of Oakland, State of California and United States Civilian Labor Force, Employment and Unemployment Annual Average for Years 2006 – 2012

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2007				
City	195,700	181,200	14,500	7.4
State	18,188,100	17,208,900	979,200	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
City	200,300	181,200	19,100	9.5
State	18,391,800	17,059,600	1,332,300	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009				
City	207,633	173,658	33,975	16.4
State	18,462,775	16,308,233	2,154,542	11.7
United States	154,206,000	139,881,000	14,325,000	9.3
2010				
City	203,509	168,427	35,100	17.3
State	18,228,545	15,983,691	2,274,855	12.5
United States	153,925,000	139,038,000	14,887,000	9.7
2011				
City	204,800	172,800	31,900	15.6
State	18,404,500	16,237,300	2,167,200	11.8
United States	155,617,000	139,869,000	13,747,000	8.9
2012				
City	206,000	177,800	28,200	13.7
State	18,494,000	16,560,300	1,934,500	10.5
United States	-----	-----	-----	-----
2013 (through April)				
City	204,100	182,100	21,900	10.8
State	-----	-----	-----	-----
United States	-----	-----	-----	-----

Source: State of California, Employment Development Department, Labor Market Information Division.

Major Employers

The following table sets forth the top ten major employers in the City, the employees of which represent approximately 23.04% of the labor force.

**City of Oakland
Principal Employers
As of June 30, 2012**

Employer	Number of Employees	Percent of Total Employment ⁽¹⁾
Alameda County	8,843	5.11%
Oakland Unified School District	4,496	2.60
Kaiser Permanente Medical Group	4,418	2.56
Dreyer's Grand Ice Cream Inc.	4,191	2.42
Cost Plus Inc.	4,113	2.38
City of Oakland	4,073	2.36
Alta-Bates Summit Medical Center	3,623	2.10
Children's Hospital & Research Center	2,600	1.50
Bay Area Rapid Transit	1,499	0.87
Peralta Community College District	1,400	0.81
TOTAL	39,256	

⁽¹⁾ Total employment (2011 estimate) from DemographicsNow.com is used to calculate the percentage of employment.
Source: City of Oakland, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012.

Construction Activity

The following table sets forth a summary of residential and commercial building permit valuations in the City.

	City of Oakland Building Permit Valuation Fiscal Years 2008 – 2012⁽¹⁾				
	2008	2009	2010	2011	2012
Building Permits Issued	14,957	13,055	12,951	13,648	13,696
Authorized New Dwelling Units	704	395	555	528	237
Commercial Value (in 000's)	\$213,696	\$117,876	\$95,851	\$108,767	\$150,613
Residential Value (in 000's)	\$258,617	\$196,362	\$168,872	\$179,374	\$159,723

⁽¹⁾ Latest data available.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 2008 through June 30, 2012.

Foreclosure Activity

The following table provides information on the number of foreclosures on residential property located in the City.

CITY OF OAKLAND Annual Number of Residential Foreclosures

<u>Calendar Year</u>	<u>City of Oakland</u>
2005	74
2006	187
2007	923
2008	2,338
2009	1,692
2010	1,728
2011	1,494
2012	895

Source: MDA DataQuick Information Systems.

Median Housing Price

The median price of a house in the City has increased from \$215,000 to \$265,000 in the period beginning in 2000 and ending in 2012. The peak median housing price during that period was in 2007, when the median price was \$525,000. The median price of a house in the County followed a similar trajectory, increasing from \$325,000 in 2000 to \$365,000 in 2012. The peak median housing price in the County came in 2006, when the median price was \$595,000.

CITY OF OAKLAND AND COUNTY OF ALAMEDA Median Housing Prices

<u>Year</u>	<u>City of Oakland</u>	<u>County of Alameda</u>
2000	\$215,000	\$325,000
2001	263,000	351,000
2002	307,000	385,000
2003	335,500	410,000
2004	390,000	480,000
2005	465,000	575,000
2006	510,000	595,000
2007	525,000	594,750
2008	320,000	425,000
2009	192,000	335,750
2010	245,000	367,000
2011	225,000	338,000
2012	265,000	365,000

Source: MDA DataQuick Information Systems.

Income

Personal income in the SF-Oakland-Fremont Census area (which is larger than the District, and which contains the District) increased by 1.3% from 2010 to 2011. Per capita personal income in the County grew by 0.3% in that same time period. The following tables summarize personal income for the San Francisco-Oakland-Fremont area, which encompasses the City, for the period 2006-2011 (information for 2012 is not yet available).

PERSONAL INCOME FOR THE SAN FRANCISCO-OAKLAND-FREMONT REGION 2006 – 2011 (\$ In Millions)

<u>Calendar Year</u>	<u>San Francisco- Oakland-Fremont</u>	<u>Annual Percent Change</u>
2006	\$247,431	–
2007	259,429	4.8%
2008	265,954	2.5
2009	259,043	(2.6)
2010	265,969	2.7
2011	269,588	1.3

PER CAPITA PERSONAL INCOME 2006 – 2011 (\$ In Dollars)

<u>Calendar Year</u>	<u>San Francisco- Oakland - Fremont</u>	<u>Annual Percent Change</u>
2006	\$59,439	–
2007	61,737	4.8%
2008	62,667	2.5
2009	60,203	(2.6)
2010	61,208	1.7
2011	61,395	0.3

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

Retail Sales

The following tables set forth a history of taxable sales for the City for calendar years 2006 through 2011 (more recent information is not yet available).

**City of Oakland
Trade Outlets and Taxable Sales
for Calendar Years 2006 – 2011
(\$ In Thousands)**

Taxable Retail Sales	2006	2007	2008
Apparel Stores	\$54,090	\$58,448	\$54,558
General Merchandise	181,926	186,346	194,196
Food Stores	183,913	203,400	206,448
Eating & Drinking	433,736	465,224	475,061
Household	69,353	63,822	77,752
Building Materials	325,065	285,930	214,103
Auto Dealers and Supplies	543,896	572,407	407,491
Service Stations	404,202	513,570	673,009
Other Retail	481,694	434,795	368,342
SUBTOTAL	2,677,875	2,783,942	2,670,960
All Other Outlets	1,779,513	1,907,058	1,211,502
TOTAL ALL OUTLETS	\$4,457,388	\$4,691,000	\$3,882,462

Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

Taxable Retail Sales	2009 ⁽¹⁾	2010	2011
Motor Vehicle and Parts Dealers	\$312,956	\$322,398	\$360,512
Home Furnishings and Appliance Stores	131,257	127,565	120,093
Building Material and Garden Equipment and Supplies	166,595	152,601	161,559
Food and Beverage Stores	235,529	244,491	260,444
Gasoline Stations	409,514	463,784	582,623
Clothing and Clothing Accessories Stores	61,381	64,695	66,119
General Merchandise Stores	87,274	87,588	141,127
Food Services and Drinking Places	471,705	501,335	529,287
Other Retail	294,565	281,997	282,563
SUBTOTAL	2,170,777	2,246,454	2,504,327
All Other Outlets	1,051,198	1,063,871	1,228,906
TOTAL ALL OUTLETS	\$3,221,975	\$3,310,325	\$3,733,232

⁽¹⁾ Beginning in 2009, the reports convert to using the NAICS codes. As a result of the coding change, industry levels for 2009, 2010 and 2011 are not comparable to those of prior years.

Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

APPENDIX B

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

FINANCIAL AND OPERATING INFORMATION

General

The District is located in and is approximately coterminous with the City of Oakland, California (the "City"), located on the east side of San Francisco Bay, approximately 7 miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining then-existing high school and elementary school districts.

During the 2013-14 school year, the District will operate 50 elementary schools, 14 middle schools, 6 comprehensive senior high schools, one alternative middle school, six alternative high schools, one continuation school serving grades 9-12, one alternative high school independent study program, one community day school, and one special education school. As of July 1, 2013, the beginning of the 2013-14 school year, 33 charter schools operated within the District. Excluding the students in the charter schools, approximately 36,000 students are served in grades Kindergarten through 12. As of the same date, the District employed approximately 4,359 employees, including certificated (credentialed teaching), classified (non-teaching) and management. The District has adopted a fiscal year 2013-14 general fund budget reflecting expenditures of approximately \$393.8 million. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

School District Governance, State Trustee

From May 30, 2003 to June 29, 2009, all or a portion of the functional areas of the District's operations were governed by a State Administrator (the "State Administrator") appointed by the State Superintendent of Public Instruction (the "State Superintendent") pursuant to special state legislation ("S.B. 39") enacted in response to the District's request for emergency financial assistance from the State during the 2002-03 fiscal year. On June 30, 2009, the District Board of Education regained full control of all functional areas of District governance. Upon the return of control of District governance to the Board of Education, the State Superintendent appointed a trustee for the District (the "State Trustee"). The State Trustee serves at the pleasure of, and reports directly to, the State Superintendent, until (1) the Emergency Apportionment Loan is repaid, (2) the District has adequate fiscal systems and controls in place, and (3) the State Superintendent has determined that the District's future compliance with the Recovery Plan (as defined below) is probable. During his or her tenure, the State Trustee is empowered to stay or rescind any action of the Board of Education that, in the judgment of the State Trustee, may affect the financial condition of the District. The State Trustee has written to the District that she will not rescind the Board's authorization of the Bonds, because the issuance of the Bonds will not impact the District's financial condition.

Carlene Naylor currently serves as the State Trustee. Ms. Naylor worked as Associate Superintendent for the Alameda County Office of Education from 2004 - 2010. Her responsibilities spanned the areas of finance, fiscal oversight, information technology and operations. Prior to that, she spent thirteen years as Deputy Superintendent for

the Yolo County Office of Education. In this capacity, Ms. Naylor served as fiscal and legal advisor to the Superintendent and County Board of Education in all matters relating to fiscal and administrative support services for the Yolo County Office of Education and School Districts.

Financial History of the District

The District experienced a worsening financial situation over several years leading up to the request for the Emergency Apportionment Loan, from the State, the appointment of the State Administrator, and the resignation of the Superintendent in June 2003.

Prior to that, the County Superintendent had appointed the Fiscal Crisis and Management Assistance Team (“FCMAT”) as the financial advisor to the District. Upon review of the District’s financial condition, FCMAT declared a fiscal emergency in the District. In response to this declaration, the District requested the Emergency Apportionment Loan, resulting in the adoption of S.B. 39. S.B. 39 approved up to \$100 million in an emergency apportionment loan to the District to cover existing fiscal responsibilities, and set forth conditions for repayment of the loan. The District immediately drew down \$65 million of the amount to provide working capital to the General Fund. The District subsequently drew down the remaining \$35 million at the end of Fiscal Year 2005-06 for general operating purposes. The District began repayment of the Emergency Apportionment Loan in Fiscal Year 2003-04. A portion of the Emergency Apportionment Loan was refinanced in December 2005. See “– District Debt Structure – *Refunding of a Portion of the State Emergency Apportionment Loan*” below.

As a condition of acceptance of the emergency apportionment loan, S.B. 39 directed the State Superintendent of Public Instruction to assume the legal powers of the locally elected Board of Education and its appointed superintendent, and to appoint the State Administrator to oversee the District’s affairs and develop a multi-year recovery plan.

The State Administrator implemented a multi-year recovery plan under FCMAT’s oversight that outlined changes and strategic initiatives across five categories (or “functional areas”) of District governance: community relations and governance, pupil achievement, financial management, personnel management, and facilities management. Three years later, in 2006, the State began to return control of certain functional areas of District management to the District Board. In December of 2008, FCMAT reported that the District had met the established criteria, and recommended return of the last two functional areas (financial management and pupil achievement) to Board control and the appointment of a State Trustee in lieu of a State Administrator. Control of the District was officially restored to the District Board on June 30, 2009, subject to the State Trustee’s power to rescind Board action.

S.B. 39 also directs the California State Controller’s Office (the “Controller”) to conduct the annual financial and compliance audits of the District until such time as the State Superintendent determines that the District is financially solvent. Although the Controller has not yet made a determination of the District’s solvency, the District believes that it is solvent based on its unaudited financial statements. See, APPENDIX B: “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Other Audits; Audit Findings” below. See also, “RISK FACTORS – Incomplete Audit Reports; Limited Scope Audits” and “– District Financial Considerations” in the front portion of this Official Statement.

Strategic Plans

In June of 2011, the District adopted a five year strategic plan with five major goals: (1) providing safe, healthy and supportive schools, (2) preparing students for success in college and careers, (3) delivering high quality and effective instruction, (4) becoming a full service community district, and (5) holding the District accountable for quality.

As part of its strategic plan, the District has improved fiscal policies by running cash flow statements and reconciling cash on a monthly basis. The District has also invested in the professional development of the finance

staff by implementing a more rigorous system of evaluations, by improving the quality of management, by increasing expectations from all employees, and by using new metrics to measure and encourage departmental effectiveness.

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund, and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including State and federal programs. The District receives approximately 61.3% of its revenues from State funds, budgeted at \$245.9 million according to the District's budget for fiscal year 2013-14 (the "District's 2013-14 Budget"). As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations. As a consequence of the Local Control Funding Formula replacing the revenue limit as the calculation pursuant to which a district's funding is calculated, the District anticipates receiving \$12.5 million dollars in addition to the revenues presented herein. The District has allocated approximately \$4.0 million to providing its classified and certificated employees a 1.5% raise, and has set aside the rest of the additional funds until the regulations pursuant to which such funds may be spent are promulgated in January, 2014. See "*Local Control Funding Formula*" herein for more information.

State funding is guaranteed to a minimum level for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. The funding guarantee is known as "Proposition 98", a constitutional and statutory initiative amendment adopted by the State's voters in 1988, and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution).

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

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010 as "Proposition 25", a final budget must be adopted by a majority vote of each house of the Legislature no later than June 15 or legislators will permanently forfeit daily salary and expenses until the budget is passed. This deadline has routinely been breached in the past when the vote requirement was two-thirds and legislators' salaries were not at risk. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website www.sco.ca.gov. Neither the District nor the Underwriters take 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 herein by reference. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White* decision, the District might find it necessary to

increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White* decision to have any long-term effect on its operating budgets.

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

If, at year end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor".

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent, and others, sued the State or Governor in 1995, 2005, and 2009, to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds one fiscal year to the next; by permanently deferring the year-end apportionment from June 30 to July 2; by suspending Proposition 98, and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

2013-14 State Budget. The Governor signed the fiscal year 2013-14 State budget (the "2013-14 State Budget") on June 27, 2013. The 2013-14 State Budget represents a multiyear plan that maintains a \$1.1 billion reserve and pays down certain budgetary debt. The 2013-14 State Budget provides for \$97.1 billion in revenues and transfers for fiscal year 2013-14 (down slightly from the \$98.2 billion estimated for fiscal year 2012-13), and \$96.3 billion in total expenditures for fiscal year 2013-14 (up slightly from the \$95.7 billion estimates for fiscal year 2012-13). However, unlike recent years, the State enters fiscal year 2013-14 with a positive prior year general fund balance, approximately \$872 million, as compared to a negative general fund balance of \$1.7 billion at the start of fiscal year 2012-13. The 2013-14 State Budget, accordingly, is able to set aside a \$1.1 billion reserve in a special fund for economic uncertainties.

The 2013-14 State Budget projects that budgetary debt, which was approximately \$35 billion at the end of fiscal year 2010-11 and \$27 billion at the end of fiscal year 2012-13, will be reduced to less than \$5 billion by the end of fiscal year 2016-17. Although the 2013-14 State Budget is a balanced budget, the 2013-14 State Budget notes that substantial risks, uncertainties and liabilities remain, including the pace of the economic recovery, the State's needs to address its other significant liabilities and the federal budget for federal fiscal year 2014.

With the passage of Proposition 30 in November 2012, The Schools and Local Public Safety Protection Act (the “Temporary Tax Measure”), the 2013-14 State Budget reinvests in, rather than cuts, education funding. The Temporary Tax Measure increased the personal income tax rates on the State’s highest income taxpayers by up to three percent for a period of seven years beginning with the 2012 tax year, and increased the sales tax by one-quarter percent for a period of four years beginning on January 1, 2013.

For kindergarten through twelfth grade (“K-12”) education, the 2013-14 State Budget provides \$55.3 billion (or \$8,220 per student) in Proposition 98 funding in fiscal year 2013-14, which is slightly lower than the \$56.5 billion estimated in fiscal year 2012-13 but an increase of more than \$8 billion (or \$1,045 per student) from fiscal year 2011-12 levels. The 2013-14 State Budget projects \$67.1 billion (or \$10,010 per student) in Proposition 98 funding in fiscal year 2016-17. Total funding under the 2013-14 State Budget for all K-12 education in fiscal year 2013-14 is approximately \$70 billion.

The 2013-14 State Budget also contains a new formula for funding the school finance system (the “Local Control Funding Formula”). The Local Control Funding Formula is designed to increase local control and flexibility, reduce State bureaucracy and better allocate resources based on student needs. The Local Control Funding Formula would replace the existing revenue limit funding system and most categorical programs. See “*Local Control Funding Formula*” herein for more information.

Certain budget adjustments for K-12 programs include the following:

- Local Control Funding Formula. An increase of \$2.1 billion in Proposition 98 general funds for school districts and charter schools, and \$32 million in Proposition 98 general funds for county offices of education, to support first-year funding provided through the Local Control Funding Formula.
- Common Core Implementation. An increase of \$1.25 billion in one-time Proposition 98 general funds to support the implementation of the Common Core, which are new standards for evaluating student achievement in English-language arts and mathematics. Such funding will be distributed to local education agencies on the basis of enrollment to support necessary investments in professional development, instructional materials and technology. Local education agencies will be required to develop a plan to spend this money over the next two years and to hold a public hearing on such plan.
- Career Technical Education Pathways Grant Program. An increase of \$250 million in Proposition 98 general funds for one-time competitive capacity-building grants for K-12 school districts and community colleges to support programs focused on work-based learning. K-12 schools and community colleges must obtain funding commitments from program partners to support ongoing program costs.
- K-12 Mandates Block Grant. An increase of \$50 million in Proposition 98 general funds to reflect the inclusion of the Graduation Requirements mandate within the block grant program. This increase will be distributed to school districts, county offices of education and charter schools with enrollment in grades 9-12.
- K-12 Deferrals. An increase of \$1.6 billion in Proposition 98 general funds in fiscal year 2012-13 and an increase of \$242.3 million in Proposition 98 general funds in fiscal year 2013-14 for the repayment of inter-year budgetary deferrals. When combined, total funding over such two-year will reduce K-12 inter-year deferrals to \$5.6 billion by the end of fiscal year 2013-14.
- Special Education Funding Reform. The 2013-14 State Budget includes several consolidations for various special education programs in an effort to simplify special education finance and provide Special Education Local Plan Areas with additional funding flexibility.

With respect to the implementation of Proposition 39 (The California Clean Energy Jobs Act), which was approved at the November 6, 2012 election, the 2013-14 State Budget allocates \$381 million in Proposition 98 general funds to K-12 local education agencies to support energy efficiency projects approved by the California Energy Commission. Of this amount, 85% will be distributed based on A.D.A. and 15% will be distributed based on free and reduced-price meal eligibility. The 2013-14 State Budget establishes minimum grant levels of \$15,000 and \$50,000 for small and exceptionally small local education agencies and allows these agencies to receive an advance on a future grant allocation. Other local education agencies would receive the greater of \$100,000 or their weighted distribution amount. The 2013-14 State Budget also provides \$28 million for interest-free revolving loans to assist eligible energy projects at schools and community colleges.

The complete 2013-14 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Local Control Funding Formula. The Local Control Funding Formula replaces the existing revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base funding grant (“Base Grant”) per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth, beginning in fiscal year 2013-14. The Local Control Funding Formula has an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. The Local Control Funding Formula includes the following components:

- A Base Grant for each local education agency, equivalent to \$7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: \$6,845 for grades K-3, \$6,947 for grades 4-6, \$7,154 for grades 7-8 and \$8,289 for grades 9-12 (the “Target Base Grant”). This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5% of a local education agency’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local education agency that comprise more than 55% of enrollment.
- An Economic Recovery Target (the “ERT”) that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the Local Control Funding Formula. Upon full implementation, local education agencies would receive the greater of the Target Base Grant or the ERT.

Of the projected \$25 billion in new funding to be invested through the Local Control Funding Formula over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the Local Control Funding Formula, 84 cents will go to Base Grants, 10 cents will go to supplemental grants and 6 cents will go to concentration grants.

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

All school districts, county offices of education and charter schools will be required to develop and adopt local control and accountability plans, which will identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate. Such local control and accountability plans are to be developed in accordance with a template to be provided by the State Board of Education. County superintendents will review and provide support to the school districts under their jurisdiction, while the Superintendent of Public Instruction will perform a corresponding role for county offices of education. In addition the 2013-14 State Budget creates the California Collaborative for Education Excellence (the “Collaborative”) to advise and assist local education agencies in achieving the goals identified in their plans. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the Superintendent of Public Instruction would have authority to make changes to a local education agency’s plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is persistent and acute as to warrant revocation.

State Cash Management Legislation. On March 1, 2010, the Governor signed a bill (and on March 4, 2010, subsequently signed a clean-up bill to clarify certain provisions of such bill) to provide additional cash management flexibility to State fiscal officials (the “Cash Management Bill”). The Cash Management Bill authorized deferral of certain payments during the 2010-11 fiscal year for school districts (not to exceed \$2.5 billion in the aggregate at any one time, and a maximum of three deferrals during the fiscal year). The Cash Management Bill permitted deferrals of payments to K-12 schools in July 2010, October 2010 and March 2011, for not to exceed 60, 90 and 30 days, respectively, but depending on actual cash flow conditions at the time, and allowed the Controller, Treasurer and Director of Finance to either accelerate or delay the deferrals up to 30 days or reduce the amounts deferred. The Cash Management Bill also permitted the State to move a deferral to the prior month or to a subsequent month upon 30 days written notice by the State Department of Finance to the Legislative Budget Committee, except that the Cash Management Bill provided that the deferral for March 2011 was required to be paid prior to April 30. The Cash Management Bill provided for exceptions to the deferrals for school districts that could demonstrate hardship. The Cash Management Bill made it necessary for many school districts (and other affected local agencies) to increase the size and/or frequency of their cash flow borrowings during fiscal year 2010-11. Similar legislation was enacted for fiscal year 2011-12. The legislation, however, sets forth a specific deferral plan for K-12 education payments. In the legislation, the July 2011 and August 2011 K-12 payments of \$1.4 billion and the October 2011 payment of \$2.4 billion were deferred. In September 2011, \$700 million of the July deferral was paid, in January 2012, \$4.5 billion from the remaining July, August and October deferrals was paid, and in March 2012, \$1.4 billion was deferred and paid in April 2012.

The State Legislature enacted similar legislation for fiscal year 2012-13 that provides for \$1.2 billion of K-12 payments to be deferred in July 2012, \$600 million to be deferred in August 2012, \$800 million to be deferred in October 2012 and \$900 million to be deferred in March 2013. Of such deferred amounts, \$700 million of the deferral made in July 2012 was paid in September 2012, the remaining \$1.9 billion deferred in July, August and October of 2012 is to be paid in January 2013, and the \$900 million deferred in March 2013 is to be repaid in April 2013. The District is authorized to borrow temporary funds to cover its annual cash flow deficits and, as a result of this or similar future legislation, the District might find it necessary to utilize cash flow borrowings or increase the size or frequency of its cash flow borrowings in fiscal year 2012-13 and in future years. In future fiscal years, if the District finds that its other funds are insufficient to cover any cash flow deficits, the District is authorized to borrow funds from the County.

The District cannot predict when, if, and to what extent the State may defer some or all of those payments due to school districts during the 2013-14 fiscal year.

Future Budgets and Budgetary Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for K-12 education. The State budget will be affected by national and State economic conditions and other factors over which the District cannot predict and will have no control. State budget shortfalls or changes in funding for education could have a material adverse financial impact on the District

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Dissolution of Redevelopment Agencies. Under California law, a city or county could, and did, prior to California legislation dissolving redevelopment agencies as described below, create a redevelopment agency in territory within one or more school districts. Upon formation of a “project area” of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as “tax increment”) belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special *ad valorem* property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special *ad valorem* property taxes are not affected or diverted by the operation of a redevelopment agency project area.

As to operating revenues, any loss of local property taxes that contribute to the revenue limit target of a revenue limit district is made up by an increase in State equalization aid, until the base revenue limit is reached. “Pass-through” payments of local tax revenues required by law to be paid to the school district by a local redevelopment agency will count toward the revenue limit, except for any portion dedicated to capital facilities or deferred maintenance.

The adopted State budget for fiscal 2011-12, as signed by the Governor on June 30, 2011, included trailer bill Assembly Bill No. 26 (First Extraordinary Session) (“AB1X 26”), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Assembly Bill No. AB 1484 (“AB1X 1484”), signed into law by the Governor on

June 27, 2012, modified certain provisions enacted under AB1X 26, and together with AB1X 26, form the procedural framework for the dissolution of the redevelopment agencies.

Commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in Part 1.85 (commencing with Section 34170) of Division 24 of the State Health and Safety Code (the “Health and Safety Code”). The Health and Safety Code generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 2 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller’s administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;
- To the former redevelopment agency’s successor agency for payments listed on the successor agency’s recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency’s successor agency for payment of administrative costs; and
- Any remaining balance to school entities and local taxing agencies.

The District projects it will receive \$10,654,329.70 in pass-through payments in fiscal year 2013-14, compared to \$10.2 million [\$7.6 million (object code 8047), and \$2.6 million (object code 8025)] it received in fiscal year 2012-13.

It is possible that there will be additional legislation proposed and/or enacted to “clean up” various inconsistencies contained in AB1X 26 and AB 1484 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26 and AB 1484. No assurances can be given as to the effect of any such future legislation on the District’s finances or the Bonds.

District Revenues

Allocation of State Funding to Districts. Under Education Code Section 42238 and following, until fiscal year 2013-14, each school district is determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance (“A.D.A.”). Although as described above, the target funding level is now determined by the Local Control Funding Formula, and not the “revenue limit” of previous years, at the time the District compiled the financial information presented herein, the LCFF had not yet passed, and the presentation herein is presented according to the “revenue limit” formula. Also as noted above, the District anticipates receiving an additional \$12.5 million under the LCFF, \$4.0 million of which are allocated to a salary increase for district employees, and the remainder of which will be set aside until regulations governing their expenditure are promulgated by the State in early 2014. See “—Local Control Funding Formula” herein for more information. The discussion that follows discusses the District’s revenues in terms of the “revenue limit” formula because the District has not yet prepared a budget formatted to reflect the LCFF.

In fiscal year 2013-14, the revenue limit calculation will only be used for the purpose of determining the amounts distributed to the District from the Education Protection Account. In past years, and for the information presented herein about the District’s fiscal year 2013-14 revenues, the amount of State funding allocated to each school district is the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This state funding is referred to as “State Aid.” To the

extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State’s contribution.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The District’s 2013-14 total base revenue limit per A.D.A. is budgeted to be \$6,847.87, compared to \$6,711.37 for 2012-13. In recent years, the State has exercised its authority to apply a “deficit factor.” The State may apply deficit factors to revenue limits and categorical programs when the appropriation to the State School Fund or any categorical program is insufficient based on the funding formulas specified by law.

The District’s recent A.D.A. history (as measured during second period, or P-2) for kindergarten through grade 12 (K-12), including special education and excluding charter schools, is set forth in the table below:

**Oakland Unified School District
Total K-12 Average Daily Attendance (P-2)**

Fiscal Year	Average Daily Attendance
2000-01	49,349
2001-02	48,135
2002-03	46,290
2003-04	44,037
2004-05	41,942
2005-06	38,667
2006-07	37,424
2007-08	36,698
2008-09	36,469
2009-10	36,110
2010-11	36,359
2011-12	36,059
2012-13	34,658
2013-14 ⁽¹⁾	34,658

⁽¹⁾ Budgeted.

Source: District P-2 A.D.A. report.

In the District’s 2013-14 Budget, the District budgets that it will receive approximately \$199.7 million in aggregate revenue limit income, or approximately 49.8% of its general fund revenues. This amount represents a significant increase from the approximately \$186.9 million that it received in fiscal year 2012-13. Other State revenues are budgeted to be approximately \$116.5 million which includes \$5.8 million (or about 1.4% of the total general fund revenue) from state lottery funds which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A.

Certain adjustments have been or may have to be made throughout the year based on actual State funding and actual attendance. The District cannot make any predictions regarding what additional cuts or enhancements to education funding during fiscal year 2013-14 the state may make. District funding depends directly on A.D.A., and so the District must project an ADA in order to prepare its budget. However, the projected A.D.A. does not predict actual enrollment or attendance, and the District cannot predict how actual P-2 A.D.A. may vary from its budgeted projection.

Local Sources of Education Funding

Local Property Taxes. 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. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in State Aid. The more local property taxes a district receives, the less State Aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State Aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts are known colloquially as "basic aid districts." Districts that receive some State Aid may be referred to as "revenue limit districts."

The District is a "revenue limit district." Local property tax revenues account for approximately 42.9% of the District's aggregate revenue limit income, and are budgeted to be \$85.3 million, or approximately 21.2% of total general fund revenue in fiscal year 2013-14 (these figures are gross amounts and do not reflect revenue limit transfers, e.g., in-lieu payments to charter schools). Property tax levy and collection procedures are discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Tax Rates, Levies, Collections and Delinquencies" in the front portion of this Official Statement. For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein.

Parcel Tax. In 1996, voters in the District approved a qualified special tax (parcel tax) of \$75 per parcel for five years with a 77.8% passage rate. The parcel tax was set to expire in 2001.

On November 6, 2001, voters in the District approved a qualified special tax (parcel tax) of \$123 per parcel for five years. Tax proceeds were authorized to be used to reduce class sizes, improve teacher salaries, purchase textbooks and materials, improve math, science, fine arts programs and libraries, improve safety and provide resources for underachieving students in district programs, and provide job training. An exemption was provided for qualifying low-income parcel owners. The parcel tax was set to expire on June 30, 2007.

On March 2, 2004, voters in the District approved an increase and extension of the parcel tax, to \$195 per parcel, beginning on July 1, 2004, and expiring on June 30, 2009. The measure authorizes the parcel tax to be used to attract and retain qualified credentialed teachers, to maintain elective courses for students needing to qualify for college admission, to purchase textbooks and materials, to maintain libraries, music and arts programs, to maintain reduced class sizes, and to continue after-school academic programs. No moneys are authorized to be used for administrative costs.

In February 2008, voters in the District approved a permanent parcel tax measure, authorizing the \$195 per parcel tax with no sunset provision. The permanent parcel tax generates approximately \$20 million annually, and is used in part to attract and retain highly qualified teachers, maintain courses that help students qualify for college, maintain up-to-date textbooks and instructional materials, keep class sizes small, continue after-school academic programs, maintain school libraries, and provide programs, including arts and music, that enhance student achievement.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

In May of 2013, the Controller released an audit report for the District for the Fiscal Year that ended June 30, 2011. The Controller was unable to express, and did not express, an opinion on the financial statements of the District of and for the year ending June 30, 2011. Similarly, the Controller was unable to express, and did not

express, an opinion on the accompanying schedules of revenues, expenditures, and changes in fund balance-budget and actual-general fund, and on the combining statements-nonmajor funds. The Controller was unable to determine that pending and threatened litigation, claims and assessments have been properly reported and disclosed. The Controller's audit report discussed a number of significant deficiencies and material weaknesses in internal controls over compliance, some of which are described below. The Controller's audit report also expressed doubts about the District's ability to continue as a going concern. The District has appealed five of the Controller's findings with the Education Audit Appeals Panel, and two findings with the County Office of Education.

Salient aspects of the Controller's audit report are summarized below. The summary is not intended to be, and neither the District nor the Underwriters represent that the summary is complete. The summary is qualified by reference to the report in its entirety, which is available from the District through the Office of the Deputy Superintendent, Business Services and Operations, 1000 Broadway, Oakland, CA 94607, and is currently available via the Electronic Municipal Market Access ("EMMA") website maintained by the MSRB.

The Controller articulated seven major areas of concern with respect to the District's financial condition:

(1) Insufficient Available Reserves. As of June 30, 2011, the District's financial statements reported a General Fund balance of \$33,526,350, including \$10,009,929 designated for economic uncertainties. Although the District's reserves designated for economic uncertainties exceeded the required \$8,316,417 by \$1,693,512, or approximately 20%, the Controller reported it was unable to obtain sufficient evidential matter to support that the reserve amount indicated in the District's financial statements was materially correct.

(2) Certification of Interim Financial Reports. The District filed qualified interim reports for the second interim report in fiscal year 2010-11, and the first and second interim reports in fiscal year 2011-12. A qualified certification is intended to indicate that the District may not be able to meet its financial obligations for the current or two subsequent fiscal years. See APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – District Budget Process and County Review" below for more information on the District's recent interim reports.

(3) The District's *Contingent Liability Report – Outstanding Matters as of June 27, 2012* indicates estimated potential payments of claims threatened or asserted (calculated as total estimated damages multiplied by payment potential) to be \$1,603,746.

(4) Interfund Receivables. The District provided two interfund loans from the Building Fund to the General Fund during both fiscal year 2009-10 and fiscal year 2010-11 for \$25 million each*. During fiscal year 2010-11, one \$25 million loan was repaid and another \$25 million loan was established. The Controller expressed concern that such borrowing was indicative of cash flow problems at the District, and that bond proceeds could not be properly tracked and identified for compliance with bond covenants.

(5) Chabot Lease Payments. On July 1, 1999, the District issued Certificates of Participation to provide a loan of \$10,265,000 to the Chabot Space and Science Center ("Chabot"). In November, 2010, the District entered into a lease agreement with Chabot to restructure this payment. This agreement calls for Chabot to make \$112,500 quarterly payments to the District. The June 30, 2011 lease payment was received by the District on September 22, 2011. The September 30, 2011 lease payment was received by the District on March 9, 2012. Per documents received from Chabot with the September 30, 2011 payment, the remaining "principal loan balance" was \$7.3 million. The lease term is forty years, commencing retroactively on October 1, 2009, and expiring on September 30, 2049. If Chabot has further difficulties making the lease payments required by the lease agreement, the Controller expressed concern about the impact on the District's cash flow.

(6) Negative Self-Insurance Fund Balance. The District's Self-Insurance Fund had deficit negative net assets of \$17.6 million as of June 30, 2012†.

* No such loan was made in 2011-12 or 2012-13

† To be updated

(7) Federal and State Compliance Audit Findings. The District has numerous ongoing audit findings with related costs challenged by the Controller. The Controller states the District may be required to repay approximately \$58 million in federal funding for findings related to fiscal year 2007-08 and 2010-11 annual audits. The Controller further states the District may also be required to repay \$14.5 million in State funding for findings identified in the fiscal year 2010-11 annual audit. The District has \$10 million available for the repayment of audit findings. The District's reserves available for the repayment of audit findings, combined with the reserves designated for economic uncertainties total \$22.6 million, or less than the District's maximum exposure from audit findings. If repayment is required for federal and State audit filings, the Controller expressed concern the District would experience financial difficulties.

[Include District's Response Here]

The Controller has not rendered an opinion on the District's financial audits since it took over responsibility for the District's audits in 2003. See APPENDIX B: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Other Audits; Audit Findings" below. Also see "RISK FACTORS – Incomplete Audit Reports; Limited Scope Audits" and "– District Financial Considerations" in the front part of this Official Statement.

Pending Audits of District Financial Statements

The District has not yet engaged the Controller or an independent auditing firm to perform audits of its financial statements for Fiscal years 2008-09 or 2009-10 and cannot predict when or if it will do so. The District has recently retained Vavrinek, Trine, Day and Co, LLP, an independent auditor, to perform audits for Fiscal Years 2011-12 and 2012-13. These audits are expected to be delivered in the Spring of 2014. S.B. 39 requires the District to obtain the Controller's consent to retain an independent audit firm if the firm is to perform the annual audit as required by S.B. 39. This consent, and the Controller's involvement in these or other audits, is currently under discussion between the District and the Controller. The District cannot predict whether either the Controller or an independent auditing firm will be able to render an opinion on the District's financial information. The information provided below is current as of the date of this Official Statement. The District cannot predict the results of the appeals of the various findings, nor can the District predict when the appeals will be resolved.

Other Audits; Audit Findings

Controller Audits. As required by State law, the Controller has undertaken a financial and compliance audit of the district in each year beginning with fiscal year 2002-03. Since fiscal year 2002-03, the Controller has been unable to acquire sufficient evidentiary material to support an unqualified opinion on the accuracy of the District's financial statements, and has thus disclaimed its obligation under state law to provide such an opinion. For Fiscal Year 2007-08, the Controller and District agreed at the time that the Controller undertook the audit that it would not be able to provide an unqualified opinion with respect to the District's financial statements, and thus the financial audit was explicitly excluded from the Controller's engagement letter. For the Fiscal Year 2010-11 Audit, the Controller was under contract to complete the audit in July 2012. The audit was not completed until May 2013, and the Controller was not able to provide an opinion with respect to the District's financial statements.

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Summary of Audit Findings. Each audit prepared by the SCO since 2002-03 has contained a number of findings and questioned costs. The District has resolved all findings from all audits through the 2007-08 audit, and is in the process of resolving or appealing the findings in the 2010-11 audit. The SCO's audits have typically concluded one to three years after the year being audited, and many of the SCO's findings repeat prior year findings because the District was not aware of and could not correct the issue presented in a finding until after the year being audited. Although the SCO identified \$3.95 million (federal funding) and \$14.5 million (state funding) of questioned costs and potential liabilities, the final liability paid since 2003 is \$3.53 million. The table below summarizes the audit completion dates, the number of findings, and the final payment of audit liabilities by the District.

Fiscal Year	Audit Completed	# of Findings	Final Audit Liability Paid by District
2002-03	June 2004	120	\$911,846
2003-04	November 15, 2005	58	887,029
2004-05	October 26, 2006	36	(204,901)*
2005-06	July 23, 3008	53	305,000
2006-07	October 20, 2009	41	429,286
2007-08	July 26, 2011	55	1,548,788
2008-09	Skipped	To be Determined (TBD)	TBD
2009-10	Skipped	TBD	TBD
2010-11	May 17, 2013	44	TBD
TOTAL TO DATE:			\$3,877,048

* Net of \$700,000 owed to District and \$495,099 owed by District

2011 Findings Concerning Bond Funds. The 2011 Audit by the SCO contains two findings (amounting to approximately [\$] that allege the District has either misspent or improperly accounted for the proceeds of general obligation bonds issued under prior authorizations (Measures A and C). The District contends that it properly expended such funds. The District is currently appealing these findings, and has successfully appealed similar findings which were included in audits conducted by the SCO in prior years. The District can not predict whether it will prevail in its appeal.

Further Information. Copies of the prior fiscal years' audits are available upon request from the District (or on the District's website). See "MISCELLANEOUS – Additional Information" in the front portion hereof.

District Budget Process and County Review

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

Under current law, a school district governing board must adopt and file with the County Superintendent of Schools a tentative budget by July 1 of each fiscal year. The District is under the jurisdiction of the Alameda County Superintendent of Schools. The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget, and file it with the County Superintendent no later than September 8. Pursuant to State

law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that *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 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. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent. The District's 2003 financial troubles were discovered by virtue of the County review of the District's interim budgets, and thanks to this discovery the District was able to take action to prevent further deterioration of its financial condition.

All of the District's Interim Budgets since 2009-10 were certified "qualified." The County Superintendent approved the District's initial 2009-10, 2010-11, 2011-12 and 2012-13 adopted budgets. The District believes that the ongoing qualified certification of its Interim Budgets is due to uncertainty regarding the District's audits (discussed above); the District projects that it will be able to meet its financial obligations for the remainder of the fiscal year and the subsequent two fiscal years. The County Superintendent must approve the District's 2013-14 Budget by August 15, 2013.

District Revenues and Expenditures

The following tables summarize the District's unaudited actual general fund revenues, expenditures and fund balances for fiscal years 2006-07 through 2011-12, estimated actual for 2012-13 and budgeted general fund revenues, expenditures and fund balances for fiscal year 2013-14. Audited financials, when and if available, may differ materially.

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Oakland Unified School District
2008-09 through 2012-13 General Fund
Unaudited⁽¹⁾ Revenues, Expenditures and Fund Balances

	2008-09 Unaudited Actuals	2009-10 Unaudited Actuals	2010-11 Unaudited Actuals ⁽²⁾	2011-12 Unaudited Actuals	2012-13 Estimated Actuals ⁽³⁾	2013-14 Adopted Budget ⁽⁴⁾
Revenue/Receipts						
Revenue Limit Sources:						
State Aid	\$141,767,774	\$104,913,692	\$129,123,937		\$114,413,608	\$129,646,817
Property Taxes	66,476,574	78,087,207	65,430,528		72,493,410	70,069,321
Federal Revenue	71,071,643	66,020,348	66,389,646	60,934,946	62,300,086	46,960,479
Other State Revenue	119,894,264	116,394,121	122,213,844	120,368,171	116,913,223	116,528,160
Other Local Revenue	39,320,738	38,090,255	40,532,096	39,070,858	40,650,979	37,935,834
TOTAL	\$438,530,994	\$403,505,622	\$423,690,052	\$412,357,807	\$406,771,306	\$401,140,612
Expenditures/Disbursements						
Certificated Salaries	\$166,342,435	\$164,664,035	\$155,893,025	\$151,313,848	\$152,458,810	\$146,247,510
Classified Salaries	63,555,816	64,825,233	61,401,143	58,632,692	55,828,640	57,279,073
Employee Benefits	80,427,679	85,081,361	84,434,532	95,711,748	88,517,812	95,269,891
Books and Supplies	24,076,895	19,766,167	17,895,128	17,084,755	28,011,958	26,560,665
Services/Other Operating Expenditures	87,293,753	77,590,604	80,923,933	75,691,587	83,430,842	60,576,629
Capital Outlay	1,633,616	636,154	1,197,575	759,566	649,193	105,500
Other Outgo	9,377,627	9,043,292	13,652,227	9,539,820	9,126,088	9,153,576
Transfers of Direct/Indirect Support Costs	(2,178,643)	(1,947,674)	(1,473,091)	(1,257,207)	(1,331,458)	(1,406,598)
Debt Service	5,914,059	5,949,887				
TOTAL	\$436,443,237	\$425,609,059	\$413,924,473	\$407,476,810	\$416,691,884	\$393,786,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,087,757	(22,103,437)	9,765,579	4,880,997	(9,920,578)	7,354,364
OTHER FINANCING SOURCES/ (USES)						
Transfers In/ Other Sources	10,064,827	27,344,348	7,359,002	7,742,527	3,417,042	2,827,849
Transfers Out/ Other Uses/ Contributions	(1,512,457)	(13,147,846)	(4,836,024)	3,416,198	3,093,782	3,093,782
TOTAL	8,552,370	14,196,501	2,522,977	4,326,328	(323,260)	(265,933)
Revenues/Other Sources Over (Under) Expenditures/Other Uses	\$10,640,128	\$(7,906,935)	\$12,288,556		\$	\$
FUND BALANCE, BEGINNING OF YEAR	41,544,882	50,244,934	28,588,181	38,304,012	45,253,260	35,655,943
Adjustments/Restatements	(1,940,076)	(13,749,817)	(2,572,725)	(3,479,945)	0	0
FUND BALANCE, END OF YEAR	\$50,244,934	\$28,588,181	\$38,304,012	\$45,253,260	\$35,655,943	\$42,744,374

⁽¹⁾ Audited Financials, when and if available, may differ materially from the numbers presented herein.

⁽²⁾ Although the Controller released its Audit Report for fiscal year ending June 30, 2011, the District does not believe that it is complete or accurate [PLEASE SEE SECTION [] FOR ADDITIONAL INFORMATION].

⁽³⁾ Estimated Actuals are as of June 2013 and are estimates, but not the final actual financial results.

⁽⁴⁾ Excerpted from the District's fiscal year 2013-14 Budget, adopted on June 26, 2013.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-credentialed) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In the District's 2013-14 Budget, the District budgets that it will expend \$298.8 million in salaries and benefits, or approximately 76% of its general fund expenditures. This amount represents an increase of approximately 0.6% from the \$296.8 million the District expended in 2012-13.

Of the District's approximately 3,918 full time equivalent employees, approximately 3,808 full time equivalent employees are represented by various labor organizations as shown in the table below. The remainder are not represented by any formal bargaining unit. The District has either open contracts or reopeners regarding wages with all bargaining units. All units have also negotiated their health benefits collectively on a yearly basis since fiscal year 2008-09. Evaluation, work hours and transfers are also significant issues with the Oakland Education Association ("OEA") and United Administrators of Oakland Schools.

The District has recently reached a tentative agreement with its teachers' union for the 2012-13 school year. Negotiations for 2013-14 and beyond will begin in the fall. The District has also reached a tentative agreement with the Labor Coalition representing all unions regarding health benefits for 2013 to 2016 which will reduce the District's costs for medical insurance and apply the majority of savings to employee salaries. The District has either open contracts or reopeners regarding wages with all bargaining units.

The District has budgeted at 2.35% one-time compensation increase for all salaried employees effective June 14, 2013, which has been approved by the County of Alameda and ratified by the Oakland Board of Education.

Oakland Unified School District Labor Organizations

<u>Labor Organization</u>	<u>Number of FTE</u>	
	<u>Employees</u>	<u>Contract Expiration</u>
American Federation of State, County and Municipal Employees, Local 257	496 ⁽¹⁾	6/30/2014
Building & Construction Trades Council of Alameda County	87 ⁽¹⁾	6/30/2009
Oakland American Federation of Teachers, Local 771	[1] ⁽²⁾	6/30/2011
Oakland Child Development Paraprofessional Association ⁽³⁾		
Oakland Education Association	2,148 ⁽⁴⁾	6/30/2013
Service Employees International Union, Local 1021	750 ⁽¹⁾	6/30/2015
Brotherhood of Teamsters, Local 853 & Local 70	13 ⁽²⁾	6/30/2008
United Administrators of Oakland Schools, AFL-CIO, Local 83	304 ⁽²⁾	6/30/2009
California School Employees Association, Oakland Chapter 1	9 ⁽¹⁾	6/30/2013

⁽¹⁾ Contract is currently closed.

⁽²⁾ Contract is currently open.

⁽³⁾ OCDPA is represented by the SEIU, although as a separate bargaining unit. But employee count merged with SEIU

⁽⁴⁾ Reached tentative agreement on 6/19/13 for 2012-13.

Retirement Systems. The District participates in the State Teachers' Retirement System ("STRS"). This plan covers all full-time certificated and some classified District employees. Each school district is required by statute to contribute 8.25% of eligible employee's salaries to STRS on a monthly basis. Employees are required to contribute 8% of eligible salary. The State is required to contribute as well. The District's employer contribution to STRS was \$12.4 million for fiscal year 2012-13 and a contribution is expected to be made in fiscal year 2013-14 of \$11.7 million.

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified employees. The District is required to contribute toward CalPERS, at a State-determined percentage of CalPERS-eligible salaries. For fiscal year 2012-13, the contribution percentage was 11.417%. For fiscal year 2013-14, the contribution percentage is ____%. In the current budget year, the total contribution to CalPERS is budgeted at \$6.7, compared to a fiscal year 2012-13 expense of \$6.0.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced).

The District contributes to the Public Agency Retirement System (PARS), a plan that covers part-time, seasonal, and temporary employees and all employees not covered by another retirement system. All eligible employees are covered by the plan and are fully vested. Employer liabilities are limited to the amount of current contributions. PARS is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 3.75% of covered compensation of eligible employees are made by the District, and each employee contributes an additional 3.75%.

Post-Employment Benefits. The District offers health insurance, dental care and vision benefits only to certain retirees who participated in early retirement incentive programs. The retirees must meet certain age and service requirements for eligibility. Such benefits are authorized through various District health collective bargaining agreements. Annual premiums are based on rates set by the health carriers with whom the District contracts. The amount of the District's contribution towards such annual premiums per retiree is determined according to the collective bargaining agreements. The District recognizes the cost of providing those benefits and related administrative costs when paid. As of June 30, 2012 there were approximately 5 retirees receiving benefits. Such payments for retired employees totaled \$92,000 during the year ended June 30, 2012.

Accrued Vacation and other Obligations. The District had accumulated unpaid employee vacation time valued at \$_____ as of June 30, 2013. Sick leave benefits are not recognized as a liability; however the District does allow sick leave to count for service credit in calculation of retirement benefits for certain STRS and CalPERS employees.

Reserves. The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 2% of its total general fund expenditures, based on total student attendance. For fiscal year 2013-14, the District has budgeted to maintain the required 2% reserve. In addition, the District maintains a reserve for various designations and unexpected costs, budgeted at \$16 million.

As a condition to receiving State modernization or construction funds, the District also agrees to fund a restricted maintenance reserve account in the General Fund each year for 20 years of at least 3% of its general fund budget. The District has budgeted a maintenance reserve contribution in Fiscal Year 2013-14 of over 2%.

Insurance, Risk Pooling and Joint Powers Arrangements

The District participates with other Alameda County school districts in the Northern California Regional Liability Excess Fund (the "NCR") Joint Powers Authority. NCR provides the District with excess property and liability coverage. The District's excess liability coverage through NCR is subject to a Member Retained Limit (the "MRL") of \$250,000, and a coverage limit of \$25 million. Excess property coverage through this program is also subject to a \$250,000 MRL, but with a \$250 million limit.

The District has budgeted a total of \$1,605,808 for the cost of these coverages in fiscal year 2013-14. The membership contribution also encompasses ancillary services, including property valuation every fifth year. The District is permissibly self-insured for purposes of workers compensation coverage. The District purchases excess coverage directly from the marketplace with the assistance of a broker. For fiscal year 2013-14, the District has bound coverage to state statutory limits with two carriers (New York Marine Group and Star Insurance), who are providing coverage in layers over a \$500,000 Self-Insured Retention (SIR). The District has budgeted \$698,975 for the cost of this coverage, inclusive of brokerage fees.

The Oakland/Alameda Regional Occupational Program (the “ROP”) was formed by a Joint Powers Agreement between the District and the Alameda Unified School District (the “Participating Districts”). The ROP is governed by an appointed Board of Directors and is a separate legal entity, distinct from the Participation Districts. The purpose of the ROP is to provide entry-level occupational training to students residing in the Participating Districts’ respective jurisdictions. The ROP is funded by state apportionment monies based on average daily attendance. Funding received from the state by the Participating Districts is then transferred to the ROP. The ROP has no fixed assets and no employees. Participating districts allocate actual certificated and classified salaries, employee benefits and indirect costs to the ROP’s operation.

The District also participates in the Chabot Observatory and Science Center (the “COSC”) Joint Powers Authority. COSC was established to provide quality science education to members of the Oakland community. The COSC board includes representatives from the District, the City of Oakland and the East Bay Regional Parks District. These representatives govern both the management and financing of COSC.

Charter Schools

In fiscal year 2012-13, there were 33 charter schools serving grades K-12 within the District with District-granted charters. In addition, there are five charters granted by the ACOE. Total District-granted charter school enrollment for 2012-13 was 9,855. For fiscal year 2013-14, the District revoked the charter for three schools and did not renew the charter for a fourth. All four have appealed to the ACOE. The ACOE did not grant the appeal for the charter that was not renewed, and that school has opted to close. The ACOE upheld the District’s decision to revoke the charters of the three schools. The schools may appeal ACOE’s decision to the State Board of Education. If their appeal is granted by the State Board of Education and the revocation is reversed the charters will remain District-granted charters. In addition, one of the existing ACOE charters will split and the K-5 portion will become a District charter. As a result of these changes, and assuming the three revoked charters will be successful in their appeals and will be returned to the District, the District anticipates 33 charters for Fiscal Year 2013-14 with a total enrollment of 10,056.

Charter schools receive revenues from the State and from the District for each student enrolled, and thus may cause a reduction in revenues available for students enrolled in District schools. However, certain per-pupil expenditures of the District also decrease based upon the number of students enrolled in charter schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

<u>Fiscal Year</u>	<u>Total charter school attendance (P-2 ADA)</u>
1999-00	1,088
2000-01	1,145
2001-02	1,469
2002-03	2,088
2003-04	2,710
2004-05	3,917
2005-06	6,137
2006-07	6,611
2007-08	7,063
2008-09	7,422
2009-10	7,799
2010-11	7,653
2011-12	8,241
2012-13	9,661
2013-14 ⁽¹⁾	9,853

⁽¹⁾ Projected; assumes the appeal for the three revoked charters will be granted and schools will remain District-authorized charters.

District Debt Structure

Tax and Revenue Anticipation Notes. On April 30, 2013, the District placed a note for \$40 million with the County Treasurer. The note is due on October 1, 2013 and is payable from deferred state apportionments and other lawfully available general fund monies attributable to fiscal year 2012-13.

State of California Emergency Apportionment Loan. On May 30, 2003, the Governor approved S.B. 39, which provided an emergency apportionment loan to the District of up to \$100,000,000 as a floating line of credit, to be drawn as the State Administrator and FCMAT jointly determine is needed to meet District obligations, including operating costs. The District has drawn the entire authorized amount of the loan. The legislation requires the District to repay the loan over a 20-year term, commencing at the time of origination of the loan, with interest, determined at a rate of 1.778%.

Refunding of a Portion of the State Emergency Apportionment Loan. In December 2005, the Infrastructure Bank issued its State School Fund Apportionment Lease Revenue Bonds, Series 2005 (the “2005 Emergency Apportionment Refunding Bonds”), the proceeds of which were used in part to repay to the State’s general fund the then-outstanding amount of the District’s emergency apportionment loan, and convert that loan into a lease-financing obligation of the District. At that time, the District had only drawn down \$65 million, of which \$59,481,707 was outstanding. In 2008, the 2005 Emergency Apportionment Refunding Bonds were refunded through the issuance of the Infrastructure Bank’s State School Fund Apportionment Lease Revenue Refunding Bonds, Series 2008 in the amount of \$59,565,000 (the “2008 Emergency Apportionment Refunding Bonds”). The District is required to make rental payments to the Infrastructure Bank on identified property of the District. The District’s rental payments secure and are used to pay the District’s portion of the Infrastructure Bank’s bonds. The District’s obligation to make the rental payments is identical to the scheduled debt service payments on the refunded portion of the emergency apportionment loan. Payments are made directly by the State from funds intercepted from the State’s monthly apportionments to the District. The net annual payment is \$3,890,534. The portion of the State Loan that was not converted to a lease revenue bond (\$35 million) continues to be repaid directly to the State. The annual payment is \$2,094,903. The amount outstanding is \$24,125,353 as of June 30, 2013.

Bonds. The District was authorized by its voters at an election held on November 8, 1994 to issue bonds of the District in an aggregate principal amount not to exceed \$169,730,000 to repair, renovate, acquire, and construct school facilities. All of the bonds authorized by the 1994 election have been issued. The following table shows bonds issued and outstanding, as of July 1, 2013. None of the original bond series are outstanding.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series A	\$30,515,639.50	\$0.00	1995
Series B	9,999,977.00	0.00	1997
Refunding Series C	35,961,738.10 ⁽¹⁾	0.00	1998
Series D	5,999,276.75	0.00	1998
Series E	10,000,000.00	0.00	1999
Series F	75,000,000.00	0.00	2000
Series 2001	<u>38,215,106.75</u>	<u>0.00</u>	2001
TOTAL	\$205,691,738.10 ⁽¹⁾	\$0.00	

Total counting toward
authorization: \$169,730,000.00⁽¹⁾

⁽¹⁾ Refunding bond principal not counted against voted authorization.

The District received a second authorization at the March 7, 2000 election to issue \$303,000,000 in bonds. All of the bonds authorized by the 2000 election have been issued. The following table shows bonds issued and outstanding, as of July 1, 2013.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series 2001	\$61,999,893.25	\$0.00	2001
Series 2002	100,000,000.00	90,665,000.00	2002
Series 2005	<u>141,000,000.00</u>	<u>123,770,000.00</u>	2005
TOTAL	\$302,999,893.25	\$214,435,000.00	

On August 1, 2007, the District issued \$199,240,000 in general obligation refunding bonds, of which \$173,495,000 are outstanding as of July 1, 2013. The particular election year, series, and principal amounts of the bonds refunded are set forth below.

<u>Election Year</u>	<u>Series Name</u>	<u>Principal Refunded</u>
1994	Series B	\$3,470,566.90
1994	Series C (CIB)	27,045,000.00
1994	Series C (CAB)	5,550,617.80
1994	Series D	3,155,747.90
1994	Series E	8,970,000.00
1994	Series F	56,565,000.00
1994/2000	Series 2001	89,335,000.00

The District received a third authorization at the June 6, 2006 election to issue up to \$435,000,000 in bonds. The following table shows bonds issued and outstanding, as of July 1, 2013.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series 2006	\$130,000,000.00	\$112,495,000.00	2006
Series 2009A	87,885,000.00	87,885,000.00	2009
Series 2009B	70,795,000.00	70,795,000.00	2009
Series 2009C	26,320,000.00	26,320,000.00	2009
Series 2012A	31,040,000.00	31,040,000.00	2012
Series 2012B	<u>23,960,000.00</u>	<u>23,960,000.00</u>	2012
Total	\$370,000,000.00	\$352,495,000.00	

The District received a fourth Authorization at the November 6, 2012 election to issue up to \$475,000,000 in bonds. The Bonds are the first issue under this Authorization.

Voter-approved bonds are payable from an unlimited *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. The District general fund is not pledged to repayment of these bonds. See “APPENDIX B: “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Annual Debt Service” below for a description of principal and interest owed on all bonds outstanding.

Annual Debt Service

The District has previously issued \$169,730,000 of bonds authorized at an election held on November 8, 1994, none of which remain outstanding; the District has previously issued \$302,999,893.25 of bonds authorized at an election held on March 7, 2000, approximately \$214,435,000 of which remain outstanding; and the District has issued \$370,000,000 of bonds authorized at the election held on June 6, 2006, of which approximately \$352,495,000 remain outstanding. In addition, \$173,495,000 of the 2007 Refunding Bonds remain outstanding.

Prior to the issuance of the Bonds, scheduled debt service obligations for all outstanding Bonds of the District is as follows:

OAKLAND UNIFIED SCHOOL DISTRICT

Bonds

Aggregate Debt Service Schedule

Bond Year Ending	Series 2002	Series 2005	Series 2006	2007 Refund	Series 2009A	Series 2009B (BABs) ⁽²⁾	Series 2009C (QSCB) ⁽²⁾	Series 2012A	Series 2012B (QSCB) ⁽²⁾	Aggregate Debt Service
8/1/2013	6,444,512.50	11,614,100.00	6,542,975.00	16,488,810.00	5,473,150.00	6,725,525.00	742,224.00	2,446,200.00	1,647,729.20	58,125,226.00
8/1/2014	6,792,587.50	12,177,600.00	6,543,575.00	16,817,560.00	5,958,150.00	6,725,525.00	742,224.00	2,006,600.00	1,647,729.20	59,411,550.70
8/1/2015	7,077,600.00	12,653,600.00	6,541,975.00	17,324,810.00	6,533,750.00	6,725,525.00	742,224.00	2,229,450.00	1,647,729.20	61,476,663.20
8/1/2016	7,345,312.50	9,714,350.00	6,573,175.00	17,851,810.00	7,281,250.00	6,725,525.00	742,224.00	2,110,250.00	1,647,729.20	59,991,625.70
8/1/2017	7,656,762.50	9,718,600.00	7,150,775.00	18,341,060.00	7,712,812.50	6,725,525.00	742,224.00	1,554,050.00	1,647,729.20	61,249,538.20
8/1/2018	8,003,537.50	9,715,600.00	7,537,775.00	18,784,310.00	7,940,000.00	6,725,525.00	742,224.00	2,049,050.00	1,647,729.20	63,145,750.70
8/1/2019	8,317,487.50	9,768,200.00	7,945,775.00	19,345,250.00	8,213,437.50	6,725,525.00	742,224.00	2,164,300.00	1,647,729.20	64,869,928.20
8/1/2020	8,798,875.00	9,825,200.00	8,378,175.00	19,613,250.00	8,498,750.00	6,725,525.00	742,224.00	2,267,550.00	1,647,729.20	66,497,278.20
8/1/2021	9,107,462.50	9,886,000.00	8,838,175.00	20,273,500.00	8,684,025.00	6,725,525.00	742,224.00	2,469,050.00	1,647,729.20	68,373,690.70
8/1/2022	9,510,337.50	9,883,500.00	9,300,175.00	20,789,000.00	8,886,350.00	6,725,525.00	742,224.00	2,673,550.00	1,647,729.20	70,158,390.70
8/1/2023	10,605,937.50	9,885,750.00	9,778,175.00	19,938,500.00	9,172,800.00	6,725,525.00	742,224.00	2,805,300.00	1,647,729.20	71,301,940.70
8/1/2024	11,460,937.50	9,881,750.00	10,284,675.00	19,622,000.00	8,640,900.00	6,725,525.00	27,062,224.00 ⁽¹⁾	3,115,000.00	1,647,729.20	98,440,740.70
8/1/2025	14,204,000.00	9,886,000.00	10,816,425.00	15,492,750.00	12,381,350.00	6,725,525.00		3,053,250.00	1,647,729.20	74,207,029.20
8/1/2026	22,548,750.00	9,882,250.00	11,370,175.00		12,671,525.00	6,725,525.00		3,184,300.00	1,647,729.20	68,030,254.20
8/1/2027		9,885,000.00	12,016,125.00		12,669,637.50	6,725,525.00		3,257,425.00	1,647,729.20	46,201,441.70
8/1/2028		9,883,000.00	12,686,843.76		12,670,387.50	6,725,525.00		3,330,100.00	1,647,729.20	46,943,585.46
8/1/2029		9,968,750.00	13,395,312.50		12,671,325.00	6,725,525.00		3,401,775.00	1,647,729.20	47,810,416.70
8/1/2030		10,058,125.00	13,840,312.50			19,280,525.00		3,476,900.00	1,647,729.20	48,303,591.70
8/1/2031			13,934,062.50			18,842,800.00		3,554,650.00	1,647,729.20	37,979,241.70
8/1/2032						18,378,350.00		3,629,200.00	1,647,729.20	23,655,279.20
8/1/2033						17,887,900.00			25,607,729.20	43,495,629.20
8/1/2034						17,366,700.00				17,366,700.00
Total	\$137,874,100	\$184,287,375	\$183,474,656	\$240,682,610	\$156,059,600	\$206,090,200	36,711,136	\$54,777,950	\$58,562,313.20	\$1,257,035,492

⁽¹⁾ Principal payment is due at maturity; however, tax collections are accruing in a sinking fund to offset the final payments.

⁽²⁾ Debt Service shown here does not include interest subsidies.

Capital Financing Plan

The Bonds and the Authorization are part of the District's ongoing educational facilities modernization, renovation and construction program, most recently updated in the District's facilities master plan adopted in 2012 (the "Facilities Master Plan"). The Facilities Master Plan includes capital projects such as the modernization of elementary-, middle-, and high-schools and pre-schools, which includes renovating classrooms, restrooms and other facilities to meet current safety standards, and repairing electrical, plumbing and other building systems, and building libraries, classrooms and science and computer labs. Funding for the Facilities Master Plan comes from prior bond issues, State facilities funding, local funds, and the Bonds. After issuance of the Bonds, \$_____ * remains of authorized but unissued bond authorization.

Pursuant to State Law, the District is required to convene a Citizens Oversight Committee (the "Committee") whose responsibilities, among others, include performing an annual financial and performance audit of the District's bond proceeds to ensure that proceeds are only spent on permitted expenditures. [Thompson, Cobb, Bazilio & Associates, P.C., an independent firm hired to perform fiscal and performance audits on behalf of the Committee for the years ending June 30, 2008, June 30, 2009 and June 30, 2010 delivered an opinion in each year that Measure B funds were expended only for the purposes described in the bond measure, procurement policies and procedures were consistent with California State procurement laws, and internal controls over the review and approval processes for Measure B invoices were adequate.][Update to Come]

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the District's bonds under the March 7, 2000 election falls within the exception for bonds approved by two-thirds vote. However, the tax for payment of the District's bonds under the June 6, 2006 and the November 6, 2012 elections fall within the exception for bonds approved by 55% vote.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy

* Preliminary, subject to change.

any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

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

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

Article XIIC and Article XIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

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

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

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

Expenditures and Appropriations

Article XIIB of the California Constitution. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” exclude tax refunds and some benefit payments such as unemployment insurance. No limit is

imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

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

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

In fiscal year 2012-13, the District had an appropriations limit of \$_____ and appropriations subject to the limit of \$_____. For fiscal year 2013-14, the District budgeted an appropriations limit of \$_____.

Future Initiatives. Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 98 and 111, were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

APPENDIX C

**COUNTY OF ALAMEDA
INVESTMENT POLICIES AND PRACTICES
DESCRIPTION OF INVESTMENT POOL**

The following information has been supplied by the Alameda County Treasurer-Tax Collector (the "Treasurer"). Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. All questions related to the County Treasury and the investment practices of the Treasurer should be directed to the Treasurer at the following address: 1221 Oak Street, Room 131, Oakland, California, 94612-4685.

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APPENDIX D

**UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

APPENDIX E
PROPOSED FORM OF OPINION OF BOND COUNSEL

[To Come]

APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[To Come]

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and neither the District nor the Underwriters takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each series and maturity of the Securities, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and 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 series and maturity.

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

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

6. Redemption notices will be sent to DTC. If less than all of the Securities within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

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

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

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

SECRETARY'S CERTIFICATE

I, Gary Yee, Ed.D., Secretary of the Board of Education of the Oakland Unified School District, County of Alameda, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on August 14, 2013, and entered in the minutes thereof, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES: Jody London, Christopher Dobbins, Roseann Torres, James Harris, Anne Washington, Vice President Jumoke Hinton Hodge, President David Kakishiba

NOES: None

ABSTAIN: None

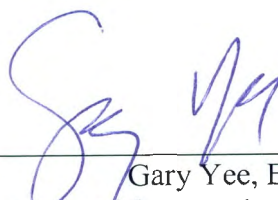
ABSENT: None

An agenda of said meeting was posted at least 72 hours before said meeting at The Great Room, LaEscuelita Education Center, 1050 2nd Avenue, Oakland, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original on file and of record in my office. Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 15th day of August, 2013.

File ID Number: 13-1608
Introduction Date: 8/14/13
Enactment Number: 13-1523
Enactment Date: 8/14/13
By: [Signature]



Gary Yee, Ed.D.
Secretary of the Board of Education of the
Oakland Unified School District