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By:



OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students

SENIOR BUSINESS OFFICER

June 22, 2016

TO: Board of Trustees

FROM: Antwan Wilson, Superintendent
Vernon Hall, Senior Business Officer
Ruth Alahyoian, Chief Financial Officer

RE: Authorization to Issue General Obligation Bonds and Refunding General Obligations Bonds

For Board consideration and approval are two resolutions authorizing the issuance and sale of general obligation bonds. One resolution authorizes the refunding (or refinancing) of prior bond issues, to reduce the bond repayment and related annual tax payments by Oakland property owners. The other resolution authorizes the issue of Measure J bonds for new construction and modernization projects. The resolutions, among other things described below, authorize the Superintendent, the Senior Business Officer and the Chief Financial Officer to finalize the sale of these bonds within the parameters set in the resolutions.

Description:

One resolution authorizes refunding for savings of the *Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2002* (the “Series 2002 Bonds”) and the *Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005* (the “Series 2005 Bonds”) with proceeds of proposed *Oakland Unified School District 2015 General Obligation Refunding Bonds* (“Refunding Bonds”). The other resolution authorizes proposed *Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2015A (Tax-Exempt)* (the “Series 2015A Bonds”) and *Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2015B (Taxable)* (the “Series 2015B Bonds”; together with the Series 2015A Bonds, the “2015 Bonds”) to fund costs of certain projects authorized under Measure J.

What is the Board authorizing? These resolutions, besides authorizing the issuance of bonds, approve the forms of the major necessary financing documents, including the preliminary official statement, and delegates to senior staff the responsibility of bringing the financing documents to completion and causing the bonds to be issued, provided certain parameters are met. By law the coupon interest rate may not exceed 8.0%, and by the resolutions the not to exceed TIC rate is 7.0% and the not to exceed underwriting discount is 1.25% of the par amount of the bonds. For the Refunding Bonds, the maximum par amount is \$195,000,000 and the minimum present value savings is set at 5.0%. For the 2015 Bonds, the maximum par (and likely actual) amount is \$180,000,000 and the maximum term is set at 25 years. The resolutions also designate the firm of Orrick, Herrington & Sutcliffe LLP as bond and disclosure counsel for the District, KNN Public Finance, a Division of Zions Public Finance, Inc., as financial advisor to the District and the firms of Siebert Bandford Shank & Co., LLC, and Piper Jaffray & Co. as underwriters (the



“Underwriters”) for a negotiated sale of the bonds.

Each resolution approves as to form only, respective paying agent agreements by and between the District and U. S. Bank National Association as Paying Agent, basically instructing the Paying Agent how to handle payment of principal and interest to bondholders, respective bond purchase agreements with the Underwriters, respective continuing disclosure agreements and requests the County of Alameda to levy and collect taxes with which to pay debt service on the bonds. The Refunding Bonds resolution in addition approves as to form an escrow agreement by and between the District and U. S. Bank National Association as Escrow Agent, instructing the Escrow Agent how to hold the proceeds of the Refunding Bonds and apply them to the redemption of the Series 2002 and 2005 Bonds. The 2015 Bonds resolution directs the District to hold the 2015 Bonds proceeds through the County Treasurer (credited to the District’s Building Fund).

The need for the 2015 Bonds is driven by project funding requirements of the District’s modernization and construction program over the next two years. Two year bond funding cycles have been the norm for the District, one reason being staff time and effort needed for a major bond issue. Refunding bonds are driven by potential savings. The current bond environment is one of improving economic conditions and the Federal Reserve now stating that there should be an interest rate increase by the end of 2015. All of this already has helped interest rates rise for the last month. Historically, once a cycle of rate increases starts, it may continue on for awhile. Whether bond interest rates will increase by 100 basis points or more by summer or fall of 2016, when possibly the District will be current with its audited financial statements and its bonds can be rated, is unknown, but such level of increase certainly is within the realm of possibility. Right now the spread between where the District’s bonds are expected to sell non-rated and what would be the case with an A-rating is probably less than 25 basis points, and undoubtedly would widen if interest rates in general were 100 basis points or more higher. But it also seems likely under such an increase that an A-rated issue would not have an interest rate as low as non-rated Oakland bonds today. Only the future will tell. The sense of the District’s finance staff and team is that refunding now is preferable to waiting. In addition, once refunded, the District general fund immediately benefits.

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

RESOLUTION NO. 1516-0245

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PAYING AGENT AGREEMENTS, BOND PURCHASE AGREEMENTS, CONTINUING DISCLOSURE CERTIFICATES, ESCROW AGREEMENTS, AND OFFICIAL STATEMENTS FOR SAID REFUNDING BONDS; AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES RELATING TO SAID REFUNDING BONDS

WHEREAS, this Board of Education (the "Board of Education") of the Oakland Unified School District (the "District") of the County of Alameda (the "County"), State of California (the "State"), has heretofore caused to be issued \$130,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2006, Series 2006 (the "Series 2006 Bonds"), \$108,250,000 of which are outstanding, and \$87,885,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2006, Series 2009A) (the "Series 2009A Bonds"), \$86,320,000 of which are outstanding (collectively, the "Outstanding Bonds"); and

WHEREAS, this Board of Education has determined, and does hereby declare, that it is necessary and desirable and that the prudent management of the fiscal affairs of the District requires that all or a portion of the Outstanding Bonds now be refunded (such bonds to be refunded being collectively referred to herein as the "Prior Bonds"); and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code (the "Government Code") and other applicable law, and pursuant to the respective documents providing for the issuance of the Outstanding Bonds, the District is authorized to issue refunding bonds (the "Refunding Bonds") to refund the Prior Bonds, and to sell its Refunding Bonds on a negotiated sale basis to Siebert Brandford Shank & Co., L.L.C. (the "Underwriter"); and

WHEREAS, this Board of Education wishes to authorize the sale of the Refunding Bonds by negotiated sale to preserve flexibility and take advantage of changing market conditions; and

WHEREAS, the Superintendent of Schools of the County has jurisdiction over the District; and

WHEREAS, U.S. Bank National Association has been approved by the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector") to act and will act as paying agent

(the “Paying Agent”) with respect to the Refunding Bonds, and as escrow agent (the “Escrow Agent”) with respect to the Prior Bonds; and

WHEREAS, the District proposes to execute and deliver an Escrow Agreement (as defined herein) to the Escrow Agent directing the creation of an escrow fund for the deposit of proceeds of the sale of the Refunding Bonds for the purpose of paying and redeeming the Prior Bonds; and

WHEREAS, there have been submitted and are on file with the Secretary of the Board of Education proposed forms of a Paying Agent Agreement, a Bond Purchase Agreement, an Official Statement, an Escrow Agreement and a Continuing Disclosure Certificate, all with respect to the Refunding Bonds proposed to be issued and sold, and the Superintendent of the District (the “Superintendent”), the Senior Business Officer of the District (the “Senior Business Officer”) and/or the Chief Financial Officer of the District (the “Chief Financial Officer”) have examined or caused to be examined each document and have approved the forms thereof, and have recommended that this Board of Education approve and direct the completion, where appropriate, and the execution of such documents and the consummation of such financing; and

WHEREAS, this Board of Education desires that the Treasurer-Tax Collector should collect a tax on all taxable property within the District sufficient to provide for payment of the Refunding Bonds, and intends by the adoption of this Resolution to notify the Board of Supervisors of the County (the “Board of Supervisors”), the Auditor-Controller of the County (the “Auditor-Controller”), the Treasurer-Tax Collector and other officials of the County, that they should take such actions as shall be necessary to provide for the levy and collection of such a tax and payment of the Refunding Bonds and such portion, if any, of the Outstanding Bonds as shall remain outstanding following the issuance of the Refunding Bonds; and

WHEREAS, this Board of Education desires to appoint the firm of Orrick, Herrington & Sutcliffe LLP as bond and disclosure counsel to the District (the “Bond Counsel”), the firm of KNN Public Finance, LLC, as municipal advisor to the District (the “Municipal Advisor”), and the firm of Siebert Brandford Shank & Co., L.L.C., as the Underwriter; and

WHEREAS, the pledge included in this Resolution to secure payment of the Refunding Bonds is intended to be a consensual agreement with the bondholders;

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

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

Section 2. Authorization of Refunding Bonds and of Redemption of Prior Bonds; Application of Proceeds of Sale. The Board of Education hereby authorizes the sale and issuance of one or more series of refunding bonds of the District and the designation of said bonds as the “Oakland Unified School District 2016 General Obligation Refunding Bonds” in an aggregate principal amount not to exceed \$200,000,000, which amount shall be finally determined by the Superintendent, the Senior Business Officer, the Chief Financial Officer or such other officer of the District designated by the Superintendent, the Senior Business Officer

or the Chief Financial Officer (each, an “Authorized District Representative”), in accordance with the provisions of Section 7 hereof and with the general laws of the State.

Proceeds from the sale of the Refunding Bonds are hereby authorized to be applied only as permitted by Article 9 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, including to acquire escrow securities or otherwise to pay or provide for payment of the principal of the Prior Bonds upon redemption thereof; to pay all expenses incident to the calling, retiring or paying of the Prior Bonds and to the issuance of the Refunding Bonds, including but not limited to: charges of the Paying Agent in connection with the issuance and payment of the Refunding Bonds; charges of the Escrow Agent in connection with the redemption of the Prior Bonds; interest upon the Prior Bonds from the date of sale of the Refunding Bonds to the maturity or earlier redemption date of the Prior Bonds; any premium payable upon the redemption of the Prior Bonds; and the costs of any bond insurance or other credit enhancement with respect to the Refunding Bonds. The Board of Education hereby further determines that all interest or other gain derived from the investment of proceeds of the Refunding Bonds may be applied to pay such costs of issuance of the Refunding Bonds.

Section 3. Terms of Refunding Bonds. The maximum annual interest rate on the Refunding Bonds shall be 6.0%, payable as described in the Paying Agent Agreement referred to in Section 4 hereof. The Refunding Bonds shall mature on a date or dates, in such of the years, beginning no earlier than August 1, 2017, and concluding no later than the final maturity of the Prior Bonds, as shall be specified in the Bond Purchase Agreement described in Section 7 hereof. No Refunding Bonds shall have principal maturing on more than one principal maturity date; however, it shall not be necessary that a portion of the principal mature in each year.

The Refunding Bonds shall be issued as current interest Refunding Bonds. The aggregate principal amount of the Refunding Bonds shall not exceed \$200,000,000.

The aggregate principal amount of the current interest Refunding Bonds, the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, shall be as specified in the Paying Agent Agreement (as defined herein), as executed.

Section 4. Paying Agent Agreement. The form of instrument entitled “Paying Agent Agreement” (the “Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as Paying Agent, in substantially the form on file with the Secretary of the Board of Education, is hereby approved and authorized. The Authorized District Representative is hereby authorized and directed to execute and deliver one or more instruments in substantially said form, completed with terms as shall be agreed to by the Authorized District Representative in accordance with this Resolution, and with such other changes therein as the Authorized District Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Escrow Agreement. The form of instrument entitled “Escrow Agreement” (the “Escrow Agreement”) by and between the District and the Escrow Agent, in

substantially the form on file with the Secretary of the Board of Education, is hereby approved and authorized. The Authorized District Representative is hereby authorized and directed to execute and deliver one or more instruments in substantially said form, completed with terms as shall be agreed to by the Authorized District Representative in accordance with this Resolution, and with such other changes therein as the Authorized District Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Official Statement. The Official Statement relating to the Refunding Bonds, in substantially the form on file with the Secretary of the Board of Education (the "Official Statement"), is hereby approved as the Official Statement of the District with respect to the Refunding Bonds, with such changes, additions and corrections as the Authorized District Representative may hereafter approve, and the Underwriter with respect to the Refunding Bonds is hereby authorized to distribute copies of one or more instruments in preliminary form to persons who may be interested in purchasing the Refunding Bonds. The Authorized District Representative is hereby authorized to certify to the Underwriter of the Refunding Bonds, 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 (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Authorized District Representative is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information, and to furnish to the Underwriter of the Refunding Bonds with copies thereof, and the Underwriter is hereby authorized and directed to deliver copies of such Official Statement in final form to subsequent purchasers of the Refunding Bonds.

Section 7. Bond Purchase Agreement. The form of instrument entitled "Bond Purchase Agreement" (the "Bond Purchase Agreement") by and between the District and Siebert Brandford Shank & Co., L.L.C., as Underwriter, in substantially the form on file with the Secretary of the Board of Education, is hereby approved and adopted as the contract for purchase and sale of the Refunding Bonds. The Authorized District Representative is hereby authorized and directed to execute and deliver one or more instruments in substantially said form, completed with terms as shall be agreed to by the Authorized District Representative in accordance with this Resolution, and with such other changes therein as the Authorized District Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that: (i) the total net interest cost to maturity on the Refunding Bonds plus the aggregate principal amount of the Refunding Bonds shall be less than the total net interest cost to maturity on the Prior Bonds plus the aggregate principal amount of the Prior Bonds; (ii) the present value of the debt service savings with respect to the Prior Bonds shall be at least 5.0% of the aggregate principal amount of the Prior Bonds; (iii) the Underwriter's discount shall not exceed 0.8% of the aggregate principal amount of the Refunding Bonds; and (iv) the Refunding Bonds shall otherwise conform to the limitations specified herein and imposed by the general laws of the State.

Section 8. Request for Necessary County Actions. (a) The Board of Supervisors, the Auditor-Controller, the Treasurer-Tax Collector, and other officials of the County are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on

the Refunding Bonds as the same shall become due and payable, and to apply moneys in the District's interest and sinking fund (the "Interest and Sinking Fund") as necessary to the payment of the Refunding Bonds, pursuant to the Paying Agent Agreement as finally executed, and to the payment of any Outstanding Bonds of the District which are to remain outstanding, pursuant to the documents under which such Outstanding Bonds were issued. The Secretary of the Board of Education is hereby authorized and directed to deliver certified copies of this Resolution to the Clerk of the Board of Supervisors, the Auditor-Controller and the Treasurer-Tax Collector. The Board of Education hereby agrees to reimburse the County for any costs associated with the levy and collection of said tax, upon such documentation of said costs as the District shall reasonably request.

(b) The Board of Supervisors, the Auditor-Controller, the Treasurer-Tax Collector, and other officials of the County are hereby requested to take and authorize such actions as may be necessary, upon, but only upon, the issuance of the Refunding Bonds, to discontinue the levy of property taxes on all taxable property of the District for the payment of the Prior Bonds, pursuant to Section 53561 of the Government Code.

Section 9. Pledge of Tax Revenues. The District hereby pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Refunding Bonds and the outstanding bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "District Bonds") and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date hereof for the benefit of the owners of the District Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the District Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The pledge is an agreement between the District and the bondholders to provide security for the Refunding Bonds in addition to any statutory lien that may exist, and the Refunding Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Section 10. Notice of Redemption of Prior Bonds. The Escrow Agent is hereby authorized and directed to give notice of redemption of the Prior Bonds to be redeemed on the date and in the manner set forth in the Escrow Agreement, or the District shall cause notice of redemption of the Prior Bonds as may otherwise be necessary or desirable, and pursuant to the terms set forth in the documents governing the redemption of the Prior Bonds.

Section 11. Continuing Disclosure. The form of instrument entitled, "Continuing Disclosure Certificate" (the "Continuing Disclosure Certificate") in substantially the form on file with the Secretary of the Board of Education, is hereby approved and authorized.

The Authorized District Representative is hereby authorized and directed on behalf of the District to execute and deliver one or more instruments in substantially said form, with such changes thereto as deemed necessary in order to permit the Underwriter of the Refunding Bonds to comply with the requirements of the Rule. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 12. Appointment of Bond Counsel, Municipal Advisor and Underwriter. The firm of Orrick, Herrington & Sutcliffe LLP is hereby appointed Bond Counsel to the District in connection with the Refunding Bonds. The firm of KNN Public Finance, LLC, is hereby appointed Municipal Advisor to the District in connection with the Refunding Bonds. The firm of Siebert Brandford Shank & Co., L.L.C. is hereby appointed as Underwriter in connection with the Refunding Bonds.

Section 13. Authorization of Further Actions. (a) The Municipal Advisor, Bond Counsel and the appropriate District officials are hereby authorized and directed to continue to prepare the necessary legal documents to accomplish said financing and the other transactions authorized herein, and to take any and all necessary actions in connection therewith.

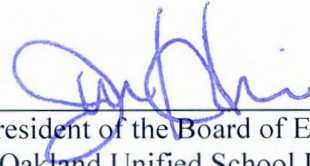
(b) The officers and employees of the District are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. The Authorized District Representative is hereby authorized and directed to provide for the purchase of escrow securities, to engage certified public accountants to verify the sufficiency of the funds deposited in escrow, to execute and deliver any and all notices, certificates and representations, including signature certificates, no-litigation certificates, tax certificates, certificates relating to continuing disclosure obligations, notices to the California Debt and Investment Advisory Commission, and certificates concerning the Official Statement describing the Refunding Bonds, and to enter into such agreements or contracts, including, but not limited to, as may be necessary to obtain bond insurance with respect to the Refunding Bonds, paying agent services with respect to the Refunding Bonds, verification agent services with respect to the Prior Bonds, or escrow agent services with respect to the Prior Bonds, as such officers or employees deem necessary and desirable to accomplish the purposes of this Resolution.

Section 14. Ratification of Actions. All actions heretofore taken by the officers and agents of the District with respect to the sale, execution and delivery of the Refunding Bonds, the acquisition of escrow securities, and the other transactions authorized and contemplated herein, are hereby approved, confirmed and ratified.

Section 15. Effective Date. This Resolution shall take effect immediately upon its passage.

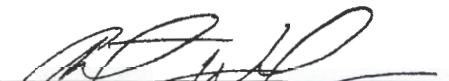
PASSED AND ADOPTED this day, June 22, 2016 by the following vote:

AYES: Jody London, Aimee Eng, Jumoke Hinton Hodge, Roseann Torres, Shanthi Gonzales,
Vice President Nina Senn and President James Harris
NOES: None
ABSTAIN: None
ABSENT: None



President of the Board of Education
Oakland Unified School District

ATTEST:



Secretary of the Board of Education
Oakland Unified School District

SECRETARY'S CERTIFICATE

I, Antwan Wilson, Secretary of the Board of Education of the Oakland Unified School District, County of Alameda, California, do hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a special meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on June 22, 2016, and entered in the minutes thereof, at which meeting all of the members of said Board of Education had due notice and at which a quorum was present, and said resolution was adopted by the following vote:

AYES: Jody London, Aimee Eng, Jumoke Hinton Hodge, Roseann Torres, Shanthi Gonzales,
Vice President Nina Senn and President James Harris

NOES: None

ABSTAIN: None

ABSENT: None

An agenda of said meeting was posted at least 72 hours before said meeting at 1000 Broadway, Suite 680, 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 minutes of said meeting 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 23rd day of June, 2016.



Antwan Wilson
Secretary of the Board of Education
Oakland Unified School District

ESCROW AGREEMENT

by and between the

OAKLAND UNIFIED SCHOOL DISTRICT
County of Alameda, California

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

Dated as of [August] 1, 2016

RELATING TO:

OAKLAND UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
ELECTION OF 2006, SERIES 2006

and

OAKLAND UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2006, SERIES 2009A)

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 SCHEDULE I	 ESCROW SECURITIES
 SCHEDULE II	 SCHEDULE OF BONDS TO BE DEFEASED
 SCHEDULE III	 SCHEDULE OF ESCROW REQUIREMENTS
 EXHIBIT A	 FORMS OF NOTICE OF OPTIONAL REDEMPTION

ESCROW AGREEMENT

This ESCROW AGREEMENT (the “Escrow Agreement”), dated as of [August] 1, 2016, is by and between the OAKLAND UNIFIED SCHOOL DISTRICT (the “District”), a school district duly organized and existing under the Constitution and laws of the State of California, and U.S. BANK NATIONAL ASSOCIATION (the “Escrow Agent”), a national banking association duly organized and existing under the laws of the United States of America, being qualified to accept and administer the trust hereby created, executed and delivered by the District pursuant to a resolution adopted by the Board of Education of the District on June 22, 2016,

WITNESSETH

WHEREAS, U.S. Bank National Association, acting as paying agent (the “Paying Agent”) under that certain Paying Agent Agreement, dated as of [August] 1, 2016 (the “Paying Agent Agreement”), by and between the District and the Paying Agent, and acknowledged by the Treasurer-Tax Collector of the County of Alameda (the “County”), duly authenticated and delivered \$[PAR] principal amount of the Oakland Unified School District 2016 General Obligation Refunding Bonds (the “Refunding Bonds”), for the purpose, among others, of providing funds for the defeasance and redemption of [all or a portion] of the outstanding bonds of the District issued as the “Oakland Unified School District General Obligation Bonds, Election of 2006, Series 2006” (the “Series 2006 Bonds”) on November 28, 2006, in the aggregate principal amount of \$130,000,000, \$106,690,000 of which remain outstanding and the “Oakland Unified School District General Obligation Bonds (Election of 2006, Series 2009A)” (the “Series 2009A Bonds”) on August 12, 2009, in the aggregate principal amount of \$87,885,000, \$84,425,000 of which remain outstanding;

WHEREAS, the refunded portion of said bonds, as identified in Schedule II attached hereto, is herein collectively called the “Prior Bonds.” The Series 2006 Bonds shall be defeased and redeemed pursuant to Resolution No. 0607-0061, adopted by the Board of Education of the District on September 27, 2006 (the “2006 District Resolution”), Resolution No. 2006-394, adopted by the Board of Supervisors of the County on October 3, 2006 (the “2006 County Resolution”), and the Certificate of Award, dated November 6, 2006 (the “2006 Certificate of Award” and, together with the 2006 District Resolution and the 2006 County Resolution, the “2006 Documents”). The Series 2009A Bonds shall be defeased and redeemed pursuant to Resolution No. 0890-0234, adopted by the Board of Education of the District on June 24, 2009 (the “2009A District Resolution”), Resolution No. 2009-285, adopted by the Board of Supervisors of the County on July 14, 2009 (the “2009A County Resolution”), and the Bond Purchase Agreement, dated July 29, 2009, between the District and J.P. Morgan Securities Inc., as representative of Piper Jaffray & Co. and Siebert Brandford Shank & Co., L.L.C. (the “2009A Bond Purchase Agreement” and, together with the 2009A District Resolution and the 2009 County Resolution, the “2009A Documents”;

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Government Code”) and other applicable law, the District is authorized to issue the Refunding Bonds to refund the District’s Prior Bonds;

WHEREAS, U.S. Bank National Association is acting hereunder as escrow agent with respect to the Prior Bonds, and in such capacity is herein referred to as the “Escrow Agent”;

WHEREAS, the Paying Agent Agreement provides for the deposit in the Escrow Fund (established pursuant to Section 1 hereof) of certain of the proceeds of the Refunding Bonds and other moneys, if any;

WHEREAS, the District has taken action to cause to be issued to the Escrow Agent for deposit in or credit to said Escrow Fund certain cash, securities and investments consisting of certain U.S. Treasury obligations for which the faith and credit of the United States of America are directly pledged for the payment of principal and interest, and that are not subject to redemption prior to their respective stated maturities (the “Escrow Securities”), [initially consisting of the securities and cash amounts] as listed on Schedule I attached hereto and made a part hereof;

WHEREAS, such investment [together with the initial cash deposit] and the interest to accrue on such Escrow Securities, will be sufficient, as certified pursuant to a verification report dated the date of issuance of the Refunding Bonds (the “Verification Report”) by [_____], a nationally recognized firm of independent certified public accountants licensed to practice in the State of California, to pay the amounts required pursuant to Section 3;

NOW, THEREFORE, the District and the Escrow Agent hereby agree as follows (capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement):

Section 1. Establishment and Maintenance of Escrow Fund. The Escrow Agent hereby agrees to establish and maintain a fund until all of the Prior Bonds have been paid as provided herein, designated as the “Escrow Fund,” and to hold the securities, investments and moneys therein at all times as a special fund and separate trust account. All securities, investments and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 6 hereof, to secure the payment of the Prior Bonds.

On the date of delivery of the Refunding Bonds, the Escrow Agent shall receive from the Paying Agent the amount of \$[_____], representing a portion of the proceeds of the sale of the Refunding Bonds, and shall deposit such amount in the Escrow Fund.

Section 2. Investment of Money in the Escrow Fund. [The Escrow Agent shall hold the moneys in the Escrow Fund as uninvested cash.] [The Escrow Agent shall take all remaining necessary action to have the Escrow Securities listed in Schedule I hereto issued and registered in the name of the Escrow Agent, for the account of the Escrow Fund. The Escrow Agent shall use proceeds of the Refunding Bonds and other moneys deposited into the Escrow Fund, if any, to purchase the Escrow Securities listed in Schedule I.]

Except as set forth below, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund; provided, however, that after obtaining an unqualified legal opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the tax-exempt status of interest on the Refunding Bonds and the Prior Bonds under Section 103 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the

Treasury issued thereunder, and will not result in the breach of any covenant of the District contained in the 2006 Documents or the 2009A Documents, as applicable, or the Paying Agent Agreement, the Escrow Agent may reinvest, at the written direction of the District, any cash portion of the Escrow Fund in Escrow Securities. Any such reinvestment shall be made in Escrow Securities the principal of and interest on which are payable at such times and in such amounts as will be sufficient (together with the other securities, investments and moneys in the Escrow Fund) to pay the Prior Bonds in accordance with Section 3 and consistent with the then-currently applicable report of a certified public accountant licensed to practice in the State of California, delivered with respect to the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 3. Payment and Redemption of Prior Bonds. The District hereby irrevocably directs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on all Escrow Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and to apply such principal and interest, together with other moneys, if any, and the principal of and interest on other securities deposited in the Escrow Fund, to [the payment of the principal of and interest on and redemption price of the Prior Bonds when due through the respective redemption date, as provided in Schedule III hereto.]

Upon retirement or redemption or prepayment of all of the Prior Bonds, the Escrow Agent shall transfer any moneys or securities remaining in the Escrow Fund, to the extent not required for any fees or expenses of the Escrow Agent, to the interest and sinking fund of the District (held by the Treasurer-Tax Collector of the County), for payment of the Refunding Bonds or any other general obligation bonds of the District payable from said fund.

The maturity schedule of the Prior Bonds is set forth in Schedule II.

Section 4. Notice of Redemption. The District hereby irrevocably directs the Escrow Agent, in its capacity as Paying Agent for the Prior Bonds, and the Escrow Agent agrees, to give all required notice of the redemption of the Prior Bonds in accordance with Exhibit A and defeasance of the Prior Bonds scheduled to take place on the respective redemption date given in Schedule III hereto, in the time, form and manner specified by the 2006 Documents or the 2009A Documents, as applicable, and any continuing disclosure certificate relating to the Prior Bonds, but in every case notice shall be sent at least 30 days prior to the respective redemption date set forth therein, and to post such notice electronically to the Electronic Municipal Market Access system at www.emma.msrb.org.

Section 5. Possible Deficiency. If at any time the Escrow Agent shall have actual notice that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof from such Escrow Fund, the Escrow Agent shall notify the District in writing as soon as reasonably practicable of such fact and the amount of such deficiency. The Escrow Agent shall in no manner be responsible for any deficiency in the Escrow Fund, other than as a result of its own negligence or willful misconduct. The Escrow Agent may conclusively rely on the report of a nationally recognized firm of independent certified public accountants delivered with respect to the Escrow Fund as to the sufficiency of the principal of

and interest on the Escrow Securities to pay the amounts payable on the Prior Bonds prior to the redemption of the Prior Bonds in accordance with Section 3.

Section 6. Unclaimed Moneys. Any moneys held by the Escrow Agent in trust for the payment and discharge of the Prior Bonds which remain unclaimed for two years after the date when such Prior Bonds are to have been retired or redeemed in accordance with Section 3 shall be transferred to the interest and sinking fund of the District (without liability for interest) 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.

Section 7. Substitution of Securities. Upon the written request of the District, subject to the conditions and limitations hereinafter set forth and applicable laws and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Escrow Securities in the Escrow Fund, if any, if there are substituted therefor, from the proceeds of such securities, other Escrow Securities as hereinafter provided. The District will not exercise any powers which would have the effect of causing any of the Refunding Bonds to be “arbitrage bonds” as defined in Section 148 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder. The Escrow Agent shall dispose of the securities in the Escrow Fund and purchase substitute Escrow Securities only upon receipt of:

(a) a written report of a certified public accountant, licensed to practice in the State of California, to the effect that the substitute Escrow Securities will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient moneys will be available to pay, as the same become due, to and including the respective redemption date set forth in Schedule III hereto, all principal, premium, if any, and interest on the Prior Bonds; and

(b) an unqualified legal opinion of nationally recognized bond counsel to the effect that such disposition of the securities in the Escrow Fund and purchase of substitute Escrow Securities will not adversely affect the tax-exempt status of interest on the Refunding Bonds under Section 103 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder[; and]

(c) [prior written consent of the Bond Insurer, if any (as defined in the Paying Agent Agreement)].

Section 8. Fees and Expenses of Escrow Agent. The District, by this Escrow Agreement, agrees to pay amounts equal to the reasonable fees and expenses (including, without limitation, legal fees and expenses) of the Escrow Agent incurred as a result of this Escrow Agreement and the acceptance thereof by the Escrow Agent; provided, however, that in no event shall such fees or expenses incurred by the Escrow Agent be deducted from, or constitute a lien against, the Escrow Fund until the retirement or redemption of the Prior Bonds pursuant to Section 3 hereof.

Section 9. Liabilities and Obligations of Escrow Agent. (a) The Escrow Agent shall have no obligation to make any payments or disbursement of any type, risk or

advance its own funds, or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the District or its agents relating to any matter or action as Escrow Agent under this Escrow Agreement.

(b) The District covenants to indemnify and hold harmless the Escrow Agent and its officers, directors, agents or employees against any loss, liability, claim, cost, suit, judgment or expense, including legal fees and expenses, incurred in connection with the performance of any of its duties hereunder, except the Escrow Agent shall not be indemnified against any loss, liability, claim, suit, judgment or expense resulting from its negligence or willful misconduct. This Section 9(b) shall survive the termination of this Escrow Agreement and the earlier removal or resignation of the Escrow Agent.

(c) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(d) The recitals contained herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for their correctness.

(e) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Escrow Securities, if any, deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds.

(f) The Escrow Agent shall not be liable for any action or omission of the District under this Escrow Agreement, the 2006 Documents, the 2009A Documents or the Paying Agent Agreement.

(g) Whenever in the administration of this Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(h) The Escrow Agent may conclusively rely, as to the truth or accuracy of the statements and correctness of the opinions and calculations provided, and shall be protected and indemnified, in acting, or refraining from acting, upon any written notice (including notice given by electronic means), instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(i) The Escrow Agent may at any time resign by giving written notice to the District of such resignation. The District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the District does not appoint a successor within 30 days of the Escrow Agent's giving notice of resignation, or the District giving notice of the removal of the Escrow Agent, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe, and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District shall immediately and without further act be replaced by the successor Escrow Agent so appointed.

(j) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Agent. Neither the Escrow Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Escrow Agreement or in connection herewith except to the extent caused by the Escrow Agent's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses,

costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 10. Merger or Consolidation. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Escrow Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 11. Amendment. This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the District and the Escrow Agent (i) a written opinion of nationally recognized bond counsel stating that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest evidenced by the Prior Bonds or the Refunding Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds, as evidenced by an opinion of counsel, the written consent of all the registered owners of the Prior Bonds then outstanding.

Section 12. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows. Any written instruction given hereunder may be given by fax or other electronic means:

If to the District:

Oakland Unified School District
1000 Broadway Suite 680
Oakland, CA 94607
Attn: Superintendent

If to the Escrow Agent:

U.S. Bank National Association
Mail Station: SF-CA-SF
One California Street, Suite 1000
San Francisco, CA 94111
Attn: Global Corporate Trust Services

Section 13. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 14. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 15. Execution. This Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Oakland Unified School District and the Escrow Agent have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

OAKLAND UNIFIED SCHOOL DISTRICT

By: _____
Authorized District Representative

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

SCHEDULE I
ESCROW SECURITIES

1. CASH in the amount of \$[_____].
2. Securities as shown the schedules below (from Verification Report).

SCHEDULE II

SCHEDULE OF BONDS TO BE DEFEASED

Oakland Unified School District
General Obligation Bonds, Election of 2006, Series 2006

<u>Maturity Date</u> <u>(August 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
---	----------------------	-------------------------

* Term Bonds

Oakland Unified School District
General Obligation Bonds (Election of 2006, Series 2009A)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
---	----------------------	-------------------------

* Term Bonds

SCHEDULE III
SCHEDULE OF ESCROW REQUIREMENTS

EXHIBIT A

[FORM OF] NOTICE OF OPTIONAL REDEMPTION

**Oakland Unified School District
General Obligation Bonds, Election of 2006, Series 2006
Issue Date: November 28, 2006**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP*
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NOTICE IS HEREBY GIVEN that the Oakland Unified School District (the “District”) has called for redemption of the above-referenced bonds (collectively, the “Bonds”) on [____], 2016 (the “Redemption Date”) at a redemption price equal to 100% of the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium (the “Redemption Price”).

The Bonds shall become due and payable on the Redemption Date at the Redemption Price. From and after the Redemption Date, interest shall cease to accrue and be payable on the Bonds and such Bonds shall be surrendered. Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender of the Bonds at the address listed below (if delivery is by mail, registered mail with return receipt requested is recommended):

Delivery Instructions:
U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, MN 55107
1-800-934-6802

* 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. Neither the District nor the Paying Agent is responsible for the selection or correctness of the CUSIP numbers set forth herein.

IMPORTANT NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Dated: _____, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

[FORM OF] NOTICE OF OPTIONAL REDEMPTION

Oakland Unified School District
General Obligation Bonds (Election of 2006, Series 2009A)
Issue Date: August 12, 2009

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP²</u>
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NOTICE IS HEREBY GIVEN that the Oakland Unified School District (the “District”) has called for redemption of the above-referenced bonds (collectively, the “Bonds”) on [____], 20[___] (the “Redemption Date”) at a redemption price equal to 100% of the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium (the “Redemption Price”).

The Bonds shall become due and payable on the Redemption Date at the Redemption Price. From and after the Redemption Date, interest shall cease to accrue and be payable on the Bonds and such Bonds shall be surrendered. Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender of the Bonds at the address listed below (if delivery is by mail, registered mail with return receipt requested is recommended):

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IMPORTANT NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the P has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Dated: _____, 20____

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

PAYING AGENT AGREEMENT

between the

OAKLAND UNIFIED SCHOOL DISTRICT,
Alameda County, California

and

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

Dated as of [August] 1, 2016

Relating to the

OAKLAND UNIFIED SCHOOL DISTRICT
2016 GENERAL OBLIGATION REFUNDING BONDS

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PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, made and entered into as of [August] 1, 2016, by and between the OAKLAND UNIFIED SCHOOL DISTRICT, a school district duly formed and existing under and by virtue of the Constitution and Laws of the State of California (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as paying agent (the “Paying Agent”), and acknowledged by the Treasurer-Tax Collector of the County of Alameda, California (the “County”),

W I T N E S S E T H:

WHEREAS, the District has heretofore issued or caused to be issued the following bonds at the times and in the original principal amounts (and with principal amounts currently outstanding) as shown in the table shown below;

<u>Name</u>	<u>Issuance Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Election of 2006, Series 2006 (the “2006 Bonds”)	November 28, 2006	\$130,000,000	\$106,690,000
Election of 2006, Series 2009A (the “2009A Bonds”)	August 12, 2009	\$87,885,000	\$84,425,000

WHEREAS, the 2006 Bonds and the 2009A Bonds are herein collectively referred to as the Outstanding Bonds (the “Outstanding Bonds”);

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law, the District is authorized to issue refunding bonds to refund all or a portion of the Outstanding Bonds;

WHEREAS, the Board of Education of the District has determined, by its Resolution No. [Resolution #], adopted on June 22, 2016 (the “Resolution”), that it is necessary and desirable that all or a portion of the Outstanding Bonds now be refunded (such refunded portion being referred to herein as the “Prior Bonds”), and has authorized by said Resolution the issuance and sale of its “Oakland Unified School District 2016 General Obligation Refunding Bonds” (the “Refunding Bonds”) and the execution and delivery of this Paying Agent Agreement on behalf of the District;

WHEREAS, the District has found and determined and by execution hereof so represents that the issuance of the Refunding Bonds and the defeasance of the Prior Bonds will result in a net savings in the total interest cost to maturity of the Prior Bonds, including costs of issuance of the Refunding Bonds, pursuant to Sections 53552 and 53556 of the California Government Code, and that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and

entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement;

NOW, THEREFORE, in order to provide for the payment of the Refunding Bonds (as defined herein) and the performance and observance by the District of all the covenants, agreements and conditions herein and in the Refunding Bonds contained; to secure the acknowledgement and consent of the County Treasurer (as defined herein) to the payment arrangements provided for herein; and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration to both parties, the District, the County and the Paying Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Refunding Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Authorized District Representative” shall mean the Superintendent of the District, the Chief Financial Officer, the Senior Business Officer, or any other officer of the District designated by the Board of Education.

“Board of Education” shall mean the Board of Education of the District.

“Bondowner” or “Owner” shall mean the person in whose name any Bond shall be registered.

“Bonds” shall mean the Refunding Bonds.

“Business Day” shall mean any day of the week other than a Saturday or a Sunday on which the Paying Agent is not required or authorized to remain closed, and on which the New York Stock Exchange is open for business.

“Code” shall mean the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed and delivered by the District, dated the date of issuance and delivery of the Refunding Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“County” shall mean the County of Alameda, State of California.

“County Treasurer” shall mean the Treasurer-Tax Collector of the County. The “Office of the County Treasurer” shall mean the Office of the Treasurer-Tax Collector of the County, in Oakland, California.

“District” shall mean the Oakland Unified School District, located in the County.

“Escrow Agent” shall mean U.S. Bank National Association, as initial escrow agent under the Escrow Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place in accordance with the Escrow Agreement.

“Escrow Agreement” shall mean that certain agreement dated as of [August] 1, 2016, by and between the District and the Escrow Agent, regarding the Prior Bonds.

“Escrow Fund” shall mean that certain fund created and maintained by the Escrow Agent pursuant to the Escrow Agreement to provide for the payment of all amounts due with respect to the Prior Bonds.

“Interest and Sinking Fund” shall mean the Interest and Sinking Fund of the District administered by the County Treasurer, established pursuant to State law.

“Interest Payment Date” shall mean February 1 and August 1 of each year. The first Interest Payment Date shall be [First Interest Payment Date].

“Law” shall mean Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable law.

“Opinion of Counsel” shall mean a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Owner.” See “Bondowner” defined herein.

“Paying Agent” shall mean U.S. Bank National Association, as initial paying agent, registrar, and transfer agent with respect to the Refunding Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 6.02 hereof.

“Paying Agent Agreement” shall mean this agreement, between the District and the Paying Agent, and acknowledged by the County Treasurer.

“Prior Bonds” shall mean (i) certain of the outstanding Oakland Unified School District General Obligation Bonds, Election of 2006, Series 2006 (the “2006 Bonds”) which were originally issued on November 28, 2006, in the principal amount of \$130,000,000; and (ii) certain of the outstanding Oakland Unified School District General Obligation Bonds, Election of 2006, Series 2009A (the “2009A Bonds”) which were originally issued on

August 12, 2009, in the principal amount of \$87,885,000, which are being refunded through the issuance of the Refunding Bonds, as described in the Escrow Agreement.

“Record Date” shall mean the 15th day of the month preceding any Interest Payment Date. The first Record Date shall be [First Record Date].

“Refunding Bonds” shall mean the Oakland Unified School District 2016 General Obligation Refunding Bonds, issued hereunder.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Refunding Bonds, executed and delivered by the District on the date of issuance of the Refunding Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Written Order of the District” or “Written Request of the District” shall mean an instrument in writing, signed by an Authorized District Representative, or by any other officer of the District authorized in writing for the purpose by any of said officers or by the Board of Education of the District.

ARTICLE II

THE REFUNDING BONDS

SECTION 2.01 Authorization and Designation. The Refunding Bonds are issued for, and the proceeds of sale thereof shall be used exclusively for, the purposes of providing funds to pay and redeem the Prior Bonds, and to pay costs incurred in connection with the issuance, sale and delivery of the Refunding Bonds. The Refunding Bonds shall be issued by the District under and subject to the terms of the Resolution, this Paying Agreement and the Law, and shall be designated as the “Oakland Unified School District 2016 General Obligation Refunding Bonds.” The Refunding Bonds shall be issued in fully registered form, without coupons.

SECTION 2.02 Refunding Bonds. The Refunding Bonds in the aggregate principal amount of \$[PAR] are issued under this Paying Agent Agreement as tax-exempt bonds, upon terms further described below in this Section:

(a) Date of Refunding Bonds. The Refunding Bonds shall be dated as of the date of issuance thereof, [Dated Date], 2016.

(b) Denominations of Refunding Bonds. The Refunding Bonds shall be issued in the denomination of \$5,000 principal amount or any integral multiple thereof. No Refunding Bond shall mature on more than one maturity date.

(c) Payment of Principal of Refunding Bonds. The Refunding Bonds shall mature on August 1 in each of the years and principal amounts and bear interest at the annual rates of interest shown below:

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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* Term Bond

The principal and any redemption premium of the Refunding Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the office of the Paying Agent designated for the purpose pursuant to Section 6.01(b), on or after the maturity date thereof or upon redemption prior to maturity.

(d) Payment of Interest on Refunding Bonds. The Refunding Bonds shall bear interest at the respective rates shown in the table in subsection (c) above, payable on February 1 and August 1 of each year, commencing [First Interest Payment Date], until payment of the principal amount thereof. Each Refunding Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of said Bond. Each Refunding Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Refunding Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Refunding Bond, interest is in default on any outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds. Interest on the Refunding Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The interest on the Refunding Bonds shall be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date. Payment of the interest on any Refunding Bond shall be made by check mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not fall on a Business Day) to such Owner at such Owner's address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose on or before the Record Date; or upon written request of the Owner of interest-bearing Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns

shall be the registered owner of any of the Refunding Bonds, payment shall be made thereto by wire transfer as provided in Section 2.05(d) hereof.

SECTION 2.03 [Form and Registration of Refunding Bonds](#). (a) The Refunding Bonds, including the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Paying Agent Agreement (provided that if a portion of the text of any Bond is printed on the reverse of the bond, the following legend shall be printed on the bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.").

(b) The Refunding Bonds when issued shall be registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one bond for each of the maturities of the Refunding Bonds, in the principal amounts set forth in the table in Section 2.02. The Depository Trust Company is hereby appointed depository for the Refunding Bonds and registered ownership of the Refunding Bonds may not thereafter be transferred except as provided in Sections 2.05 and 2.06 hereof.

SECTION 2.04 [Execution and Authentication of Refunding Bonds](#). The Refunding Bonds shall be signed by the manual or facsimile signatures of the President or any member of the Board of Education and the Secretary of the Board of Education or his or her designee. Each Bond shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent. Only such of the Refunding Bonds as shall bear thereon a certificate of authentication and registration in the form given in each Exhibit A hereto, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Refunding Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

SECTION 2.05 [Book-Entry System](#). (a) The Refunding Bonds shall be initially issued and registered as provided in Section 2.03 hereof. Registered ownership of the Refunding Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the County Treasurer, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County Treasurer to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository;

provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County Treasurer to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the outstanding Bonds by the Paying Agent, together with a Written Request of the District, a new Bond for each maturity shall be executed and delivered pursuant to the procedures described in Section 2.04 hereof in the aggregate principal amount of the Refunding Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the outstanding Bonds by the Paying Agent together with a Written Request of the District, new Bonds shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of Sections 2.02 and 2.03, as applicable, and upon the receipt of such a Written Request of the District, and thereafter, the Refunding Bonds shall be transferred pursuant to the provisions set forth in Section 2.06 of this Paying Agent Agreement; provided, that the Paying Agent shall not be required to deliver such new Bonds within a period of fewer than 60 days.

(c) The County Treasurer, the District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof, notwithstanding any notice to the contrary received by the County Treasurer, the District or the Paying Agent, and the County Treasurer, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Refunding Bonds. Neither the County Treasurer, the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except as the Owner of any Bonds.

(d) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the County Treasurer, the District and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns, in effecting payment of the principal of and interest on the Refunding Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

SECTION 2.06 [Transfer of Refunding Bonds upon Termination of Book-Entry System](#). In the event that at any time the Refunding Bonds shall no longer be registered in the name of Cede & Co. as a result of the operation of Section 2.05 hereof, then the procedures contained in this Section 2.06 shall apply.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.08 hereof by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the Paying Agent for cancellation at the office of the Paying Agent designated for that purpose, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Bond or Bonds shall be surrendered for transfer, the designated District officials shall execute (as provided in Section 2.04 hereof) and the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and bearing the same rate or rates of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Refunding Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or the date fixed for redemption to and including such Interest Payment Date or the date fixed for redemption.

SECTION 2.07 [Exchange of Refunding Bonds](#). Refunding Bonds may be exchanged at the office of the Paying Agent designated for that purpose, for a like aggregate principal amount of Refunding Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Refunding Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or date fixed for redemption to and including such Interest Payment Date or the date fixed for redemption.

SECTION 2.08 [Bond Register](#). (a) The Paying Agent will keep or cause to be kept, at the place it shall designate for the purpose, sufficient books for the registration and transfer of the Refunding Bonds, which shall at all times be open to inspection by the County Treasurer and the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Refunding Bonds as hereinbefore provided.

(b) The Paying Agent shall assign each Refunding Bond authenticated and registered by it a distinctive letter or number, or letter and number.

ARTICLE III

ISSUANCE OF THE BONDS

SECTION 3.01 [Delivery of Refunding Bonds](#). The Paying Agent is hereby authorized to authenticate and deliver the Refunding Bonds to or upon the Written Request of the District.

SECTION 3.02 Application of Proceeds of Sale of Refunding Bonds.

Upon the delivery of the Refunding Bonds to the Underwriter thereof and the receipt from the Underwriter of the net purchase price of the Refunding Bonds (consisting of the par amount thereof, plus the original issue premium of \$[Premium], less the underwriters' discount of \$[UW Discount], the District shall cause said net purchase price of the Refunding Bonds to be deposited with the Paying Agent and the Paying Agent shall apply, transfer and deposit said amount as follows:

(a) transfer \$[Escrow Amount] to the Escrow Fund created pursuant to the Escrow Agreement, which is held by U.S. Bank National Association as Escrow Agent thereunder; and

(b) deposit \$[COI] to the Oakland Unified School District 2016 General Obligation Refunding Bonds Costs of Issuance Account, which is hereby created and which shall be held and administered by the Paying Agent hereunder. Amounts deposited in the Costs of Issuance Account shall be paid on the Written Order of the District. On the 180th day following the date of issue of the Refunding Bonds, or upon prior Written Order of the District, the Paying Agent shall transfer any remaining amounts in the Costs of Issuance Fund to the County Treasurer for deposit in the Interest and Sinking Fund of the District.

Funds held by the Paying Agent hereunder shall be held uninvested, unless otherwise directed by a written Order of the District.

REDEMPTION OF THE REFUNDING BONDS

SECTION 3.03 Terms of Redemption. The Refunding Bonds are not subject to optional redemption prior to maturity except as otherwise provided in this Article.

SECTION 3.04 Redemption of Refunding Bonds.

(a) Optional Redemption. The Refunding Bonds maturing on or before August 1, 20[___] are not subject to redemption prior to their respective stated maturity dates. The Refunding 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.

(b) Mandatory Sinking Fund Redemption. (i) The \$[_____] Refunding Term Bond maturing on August 1, 20[___], is also 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 in the table above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

(c) Selection of Refunding Bonds for Redemption. If less than all of the Refunding Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot. For purposes of such selection, each Refunding Bond shall be deemed to consist of individual Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

SECTION 3.05 Notice of Redemption. (a) Notice of redemption of the Refunding Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective Owners of Refunding Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate.

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Refunding Bonds; (iii) the date fixed for redemption; (iv) the redemption price; (v) the dates of maturity of the Refunding Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be redeemed, the distinctive serial numbers of the Refunding Bonds of each maturity to be redeemed; (vii) in the case of Refunding Bonds redeemed in part only, the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (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 such 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.

(b) Effect of Notice of Redemption. When notice of redemption has been given substantially as described above, and when the amount necessary for the payment of the redemption price of the Refunding Bonds called for redemption is set aside for such purpose, the Refunding Bonds designated for redemption will become due and payable on the date fixed for redemption 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 Refunding Bonds so called for redemption after such date fixed for redemption 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.

(c) Conditional Notice. Any notice of optional redemption of the Refunding Bonds delivered in accordance herewith 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.

(d) Rescission of Notice of Redemption. The District may 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 Refunding 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 Refunding 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.

SECTION 3.06 Defeasance of Refunding Bonds. The District may pay and discharge any or all of the Refunding 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, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise 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 Refunding Bonds as described in Section 5.01 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Resolution shall thereupon be satisfied and discharged and shall terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such 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 in Section 6.07 hereof will apply in all events.

ARTICLE IV

OTHER COVENANTS

SECTION 4.01 Payment of Principal and Interest. On or prior to the date any payment is due in respect of the Refunding Bonds, the County Treasurer will deposit with the Paying Agent moneys sufficient to pay the principal and the interest (and premium, if any) to become due in respect of all Bonds outstanding on such Interest Payment Date, but only as required by the Law. When and as paid in full, and following surrender thereof to the Paying Agent, all Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed. Moneys for the payment of principal, redemption premium, if any, and interest with respect to the Refunding Bonds shall be raised by taxation upon all taxable property in the District and the County shall provide for the levy and collection of such taxes in the manner provided by the Law.

SECTION 4.02 Further Assurances. The District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other actions as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

SECTION 4.03 Tax Covenants. (a) The District shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would adversely affect the exclusion from gross income of the interest payable on the tax-exempt Refunding Bonds under Section 103 of the Code. Without limiting the generality of the forgoing, the District shall comply with the instructions and requirements of the Tax Certificate for the Refunding Bonds. This covenant shall survive payment in full of the Refunding Bonds.

(b) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Paying Agent under this Paying Agent Agreement, the District shall so

instruct the Paying Agent, as appropriate, in writing, and the Paying Agent shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the District shall provide to the Paying Agent an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required in order to maintain the exclusion from federal income tax of interest on the tax-exempt Refunding Bonds under Section 103 of the Code, the Paying Agent may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 4.04 [Validity of Refunding Bonds](#). The recital contained in the Refunding Bonds that the same are regularly issued pursuant to the Law shall be conclusive evidence of their validity and of compliance with the provisions of the Law in their issuance.

SECTION 4.05 [Credit Ratings](#). Upon receipt of an auditor's report in which the auditor renders an opinion on the District's financial statements, the District covenants and agrees that, if it is determined by an Authorized District Representative 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 Refunding Bonds.

ARTICLE V

THE PAYING AGENT

SECTION 5.01 [Appointment; Acceptance; Designated Office](#). (a) [Appointment and Acceptance of Duties](#). U.S. Bank National Association, is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

The Paying Agent is hereby authorized and hereby agrees to pay or redeem the Refunding Bonds when duly presented for payment at maturity, or on prior redemption, and to cancel all Bonds upon payment thereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

(b) [Office of the Paying Agent](#). The Paying Agent, and any successor Paying Agent, shall designate each place or places where it will conduct the functions of transfer, registration, exchange, payment, and surrender of the Refunding Bonds. If no office is so designated for a particular purpose, such functions shall be conducted at the office of U.S. Bank National Association, in St. Paul, Minnesota, or the principal corporate trust office of any successor Paying Agent.

SECTION 5.02 [Resignation, Removal, Replacement of Paying Agent](#). The Paying Agent may at any time resign by giving written notice to the District and the County Treasurer of such resignation, whereupon the District or the County Treasurer shall promptly appoint a successor Paying Agent by the resignation date. Resignation of the Paying Agent will

be effective 45 days after notice of the resignation is given as stated above or upon appointment of a successor Paying Agent, whichever first occurs. The District or the County Treasurer may at any time remove the Paying Agent and any successor Paying Agent by an instrument given in writing, with copy to the District. After removal or receiving a notice of resignation of the Paying Agent, the District or the County Treasurer may appoint a temporary Paying Agent or temporarily assume the duties of the Paying Agent to replace the former Paying Agent until the District or the County Treasurer appoints a successor Paying Agent. Any such temporary Paying Agent so appointed by the District or the County Treasurer shall immediately and without further act be superseded by the successor Paying Agent upon the appointment of and acceptance thereof by such successor.

SECTION 5.03 [Protection of Paying Agent](#). The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by the District, to use the funds deposited with it solely for payment of the principal of and interest on the Refunding Bonds as the same shall become due or become subject to earlier redemption.

SECTION 5.04 [Reliance on Documents, Etc.](#)

(a) The Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Paying Agent by the District.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of any Bond, but is protected in acting upon receipt of Refunding Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Bondowner or agent of the Bondowner.

(e) The Paying Agent may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 5.05 [Recitals of District](#). The recitals contained herein and in the Refunding Bonds shall be taken as the statements of the District, and the Paying Agent assumes no responsibility for their correctness.

SECTION 5.06 [Paying Agent May Own Refunding Bonds](#). The Paying Agent, in its individual or any other capacity, may become the Owner or pledgee of Refunding Bonds with the same rights it would have if it were not the Paying Agent for the Refunding Bonds.

SECTION 5.07 [Money Held by Paying Agent; Unclaimed Moneys](#). Money held by the Paying Agent hereunder may be commingled with other funds held by the Paying Agent, but shall be separately accounted for. Except as otherwise provided herein, the Paying Agent shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money held in any fund created pursuant to this Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Refunding Bonds and remaining unclaimed for two years after the principal of all of the Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund 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.

SECTION 5.08 [Other Transactions](#). The Paying Agent may engage in or be interested in any financial or other transaction with the District.

SECTION 5.09 [Interpleader](#). The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

SECTION 5.10 [Indemnification](#). (a) The District shall indemnify the Paying Agent, its officers, directors, employees, and agents for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent's acceptance or administration of the Paying Agent's duties hereunder or under the Refunding Bonds (except any loss, liability or expense as may be adjudicated by a court of competent jurisdiction to be attributable to the Paying Agent's negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying Agent by the District) in connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.10 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation as Paying Agent hereunder.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01 Counterparts. This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

SECTION 6.02 Continuing Disclosure. The District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner or Beneficial Owner (as defined below) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

SECTION 6.03 Notices. Unless otherwise specified herein, all notices, statements, orders, requests or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the District:

Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607
Attn: Superintendent

If to the County:

County of Alameda
1221 Oak Street, Room 131
Oakland, CA 94612
Attn: Treasurer-Tax Collector

If to the Paying Agent:

U.S. Bank National Association
Mail Station : SF-CA-SF
One California Street, Suite 1000
San Francisco, CA 94111
Attn: Global Corporate Trust Services

SECTION 6.04 [Governing Law](#). This Paying Agent Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the parties hereto have caused this Paying Agent Agreement, relating to the OAKLAND UNIFIED SCHOOL DISTRICT 2016 GENERAL OBLIGATION REFUNDING BONDS , to be duly executed by their officers duly authorized as of the date first written above.

OAKLAND UNIFIED SCHOOL DISTRICT

By _____
Authorized District Representative

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent

By _____
Authorized Officer

Acknowledged:

By _____
Treasurer-Tax Collector
County of Alameda

EXHIBIT A

[FORM OF REFUNDING BOND]

Number UNITED STATES OF AMERICA Amount
R- STATE OF CALIFORNIA \$
COUNTY OF ALAMEDA

OAKLAND UNIFIED SCHOOL DISTRICT
2016 GENERAL OBLIGATION REFUNDING BONDS

Dated as of Maturity Date Interest Rate CUSIP No.
, 2016 August 1, 20 %

Registered Owner: CEDE & CO.

Principal Sum: DOLLARS

Oakland Unified School District, County of Alameda, State of California (the "District"), hereby acknowledges itself obligated to and promises to cause to be paid to the registered owner identified above or registered assigns, but only from taxes collected by the County of Alameda (the "County") for such purpose pursuant to Section 15250 of the Education Code of the State of California, on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable on February 1 and August 1 in each year (each an "Interest Payment Date"), commencing [First Interest Payment Date], until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on [Record Date], it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the 15th day of the month preceding an Interest Payment Date) and the close of business on its corresponding Interest Payment Date, it shall bear interest from such Interest Payment Date. Otherwise, this bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the place or places designated for the purpose by the paying agent/registrar and transfer agent of the District (the "Paying Agent"), initially U.S. Bank National Association. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date preceding each Interest Payment Date, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an Interest Payment Date, of the owner of Refunding Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond,

payment shall be made by wire transfer as provided in the Paying Agent Agreement hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$[PAR], and designated as “Oakland Unified School District 2016 General Obligation Refunding Bonds” (the “Refunding Bonds”). The Refunding Bonds were authorized by a resolution approved by the Board of Education of the District (the “Board of Education”) on [June 22], 2016 (the “Resolution”) and are issued and sold pursuant to the Paying Agent Agreement, dated as of [August] 1, 2016 (the “Paying Agent Agreement”), between the District and the Paying Agent and acknowledged by the Treasurer-Tax Collector of the County. Reference is hereby made to the Paying Agent Agreement and any and all amendments thereof for a description of the terms on which the Refunding Bonds are issued, for the rights of the owners of the Refunding Bonds, for the provisions for payment of the Refunding Bonds, and for any amendment of the Paying Agent Agreement (with or without consent of the owners of the Refunding Bonds); and all the terms of the Paying Agent Agreement are hereby incorporated herein and constitute a contract between the District and the registered owner of this bond, to all the provisions of which the registered owner of this bond, by acceptance hereof, agrees and consents. Capitalized undefined terms used herein have the meanings ascribed thereto in the Paying Agent Agreement.

The Refunding Bonds are issued as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Paying Agent Agreement, the Refunding Bonds may be exchanged for a like aggregate principal amount of Refunding Bonds of the same series, maturity and interest rate of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this bond. Upon such transfer, a new Refunding Bond or Refunding Bonds of authorized denomination or denominations for the same series, maturity, interest rate, and same aggregate principal amount will be issued to the transferee in exchange herefor.

The District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Paying Agent shall not be affected by any notice to the contrary.

The Refunding Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Paying Agent Agreement and as shown in the Redemption Schedule attached hereto. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Board of Education hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Education duly made and entered on its minutes. The Refunding Bonds represent an obligation of the District payable out of the Interest and Sinking Fund of the District, and the money for the redemption of this bond, and the payment of principal of and interest thereon, shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the Oakland Unified School District has caused this OAKLAND UNIFIED SCHOOL DISTRICT 2016 GENERAL OBLIGATION REFUNDING BOND, to be executed by the manual or facsimile signatures of its President and its Secretary as of the date set forth above.

President of the Board of Education
Oakland Unified School District

Secretary of the Board of Education
Oakland Unified School District

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is one of the current interest OAKLAND UNIFIED SCHOOL DISTRICT 2016 GENERAL OBLIGATION REFUNDING BONDS, described in the within-mentioned Paying Agent Agreement and authenticated and registered on [Dated Date].

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent/Registrar and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

I.D. Number

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guarantee: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016**NEW ISSUE – BOOK-ENTRY ONLY****RATINGS: Moody's: “__”****S&P: “__”****Fitch: “__”**

(See “MISCELLANEOUS – Ratings” 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 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 such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

\$65,000,000*

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2006),
Series 2016A

\$40,000,000*

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2012),
Series 2016B

\$200,000,000*

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
2016 General Obligation Refunding Bonds

Dated: Date of Delivery**Due: As shown on the inside cover page**

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 (the “**District**”) General Obligation Bonds (Election of 2006), Series 2016A (the “**Series 2016A Bonds**”) were authorized at an election of the registered voters of the District held on June 6, 2006 (the “**2006 Election**”) at which the requisite 55% or more of persons voting on the bond measure (“**Measure B**”) voted to authorize the issuance and sale of \$435,000,000 principal amount of general obligation bonds of the District. The Series 2016A Bonds are the sixth issuance of general obligation bonds of the District authorized at the 2006 Election. The Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2016B (the “**Series 2016B Bonds**” and, together with the Series 2016A Bonds, the “**Series 2016 Bonds**”) were authorized at an election of the registered voters of the District held on November 4, 2012 (the “**2012 Election**”) at which the requisite 55% or more of persons voting on the bond measure (“**Measure J**”) voted to authorize the issuance and sale of \$475,000,000 principal amount of general obligation bonds of the District. The Series 2016B Bonds are the third issuance of general obligation bonds of the District authorized at the 2012 Election.

The Series 2016 Bonds are being issued by the District and sold by the County of Alameda (the “**County**”) on behalf of the District (i) to finance specific construction and modernization projects approved by the voters of the District, and (ii) to pay costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds are being issued pursuant to the laws of the State of California (the “**State**”), a resolution adopted by the Board of Education of the District on June 22, 2016 (the “**Series 2016 District Resolution**”), and a paying agent agreement, dated as of August 1, 2016 (the “**Series 2016 Paying Agent Agreement**”), by and among the District, the County, and U.S. Bank National Association, as paying agent (the “**Paying Agent**”). See “THE BONDS” herein.

The Oakland Unified School District 2016 General Obligation Refunding Bonds (the “**Refunding Bonds**” and, together with the Series 2016 Bonds, the “**Bonds**”) are being issued and sold by the District (i) to refund, on a current basis, all or a portion of the District’s outstanding General Obligation Bonds Election of 2006, Series 2006 (the “**Series 2006 Bonds**”), (ii) to refund, on an advance basis, all or a portion of the District’s outstanding General Obligation Bonds (Election of 2006, Series 2009A) (the “**Series 2009A Bonds**” and, together with the Series 2006 Bonds, the “**Outstanding Bonds**”), and (iii) to pay costs of issuance on the Refunding Bonds. The outstanding Series 2006 Bonds and the outstanding Series 2009A Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds**.” The Refunding Bonds are being issued pursuant to the State laws, a resolution adopted by the Board of Education of the District on June 22, 2016 (the “**Refunding District Resolution**”), and a paying agent agreement, dated as of August 1, 2016 (the “**Refunding Paying Agent Agreement**” and, together with the Series 2016 Paying

* Preliminary, subject to change.

Agent Agreement, the “**Paying Agent Agreements**”), by and among the District, the County, and the Paying Agent. See “THE BONDS” herein.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. The Board of Supervisors 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.

The Bonds will be issued as current interest bonds in denominations of \$5,000 principal amount and integral multiples thereof as shown on the inside cover page of this Official Statement. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing on [First Interest Payment Date].

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 for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as paying agent, registrar and transfer agent with respect to the Bonds, to DTC for subsequent disbursement through DTC Participants to the beneficial owners of the Bonds. See “THE BONDS – Payment of Principal and Interest” herein.

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

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriter by Curls Bartling P.C., Oakland, California. KNN Public Finance, LLC, Oakland, California, serves as Municipal 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 the facilities of DTC on or about _____, 2016.

Siebert Brandford Shank & Co., L.L.C.

Dated: _____, 2016.

MATURITY SCHEDULES

\$65,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2006), Series 2016A

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP‡ (672325)	Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP‡ (672325)
2018					2028				
2019					2029				
2020					2030				
2021					2031				
2022					2032				
2023					2033				
2024					2034				
2025					2035				
2026					2036				
2027									

\$ _____ .__% Term Bond due August 1, 20__; Yield __. __%†; CUSIP‡ 672325 ____

\$40,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2012), Series 2016B

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP‡ (672325)	Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP‡ (672325)
2018					2028				
2019					2029				
2020					2030				
2021					2031				
2022					2032				
2023					2033				
2024					2034				
2025					2035				
2026					2036				
2027									

\$ _____ .__% Term Bond due August 1, 20__; Yield __. __%†; CUSIP‡ 672325 ____

* Preliminary, subject to change.

† Yields certified by the Underwriter. The District takes no responsibility therefor.

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\$200,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
2016 General Obligation Refunding Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP† (672325)	Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP‡ (672325)
2017					2025				
2018					2026				
2019					2027				
2020					2028				
2021					2029				
2022					2030				
2023					2031				
2024									

* Yields certified by the Underwriter. The District takes no responsibility therefor.

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[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.

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy 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 Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

Board of Supervisors

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

Administration

Donald R. White, *Treasurer-Tax Collector*
Steve Manning, *Auditor-Controller*

OAKLAND UNIFIED SCHOOL DISTRICT

Board of Education

James Harris, *President (District 7)*
Nina Senn, *Vice President (District 4)*
Aimee Eng, *Director (District 2)*
Shanthi Gonzales, *Director (District 6)*
Jumoke Hinton-Hodge, *Director (District 3)*
Jody London, *Director (District 1)*
Roseann Torres, *Director (District 5)*

Administration

Antwan Wilson, *Superintendent*
Vernon Hal, *Senior Business Officer*
Ruth Alahydoian, *Chief Financial Officer*
Jacqueline P. Minor, *General Counsel*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

KNN Public Finance, LLC
Oakland, California

Paying Agent and Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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\$65,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2006),
Series 2016A

\$40,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2012),
Series 2016B

\$200,000,000*
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
2016 General Obligation Refunding Bonds

INTRODUCTION

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

General

This Official Statement, which includes the cover page and appendices hereto (this “**Official Statement**”), is provided to furnish information in connection with the sale of (i) \$65,000,000* aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2006), Series 2016A (the “**Series 2016A Bonds**”), (ii) \$40,000,000* aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2016B (the “**Series 2016B Bonds**” and, together with the Series 2016A Bonds, the “**Series 2016 Bonds**”) and (iii) \$200,000,000* aggregate principal amount of Oakland Unified School District 2016 General Obligation Refunding Bonds (the “**Refunding Bonds**” and, together with the Series 2016 Bonds, the “**Bonds**”), as described more fully herein.

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

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 of the Board of Education of the District (the “**Board of Education**”), each adopted on June 22, 2016, providing for the issuance of the Series 2016 Bonds and the Refunding Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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

Copies of documents referred to herein and information concerning the Bonds are available from the District by contacting: Oakland Unified School District, 1000 Broadway Suite 680, Oakland, California 94607, Attention: Chief Financial Officer. The District may impose a charge for copying, handling and mailing such requested documents.

* Preliminary, subject to change.

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 the San Francisco Bay, approximately seven miles from the city of San Francisco. The District’s boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.8 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.

The District currently operates 49 elementary schools, 13 middle schools serving grades 6-8, five elementary/middle schools serving grades K-8, seven comprehensive senior high schools serving grades 9-12, three middle/high schools serving grades 6-12, and nine alternate high school programs. ___ charter schools currently operate within the District’s boundaries. The District’s current enrollment for fiscal year 2015-16 is approximately ___ students in grades K-12, not including the students in the charter schools. As of ____, 2016, the District employed approximately ___ full-time equivalent (“**FTE**”) employees, including ___ FTE certificated (teaching) employees and ___ FTE classified (non-teaching) employees. The District’s projected fiscal year 2015-16 general fund expenditures are approximately \$___ 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 of the Board of Education are elected to four-year terms in staggered years. The Superintendent (the “**Superintendent**”) acts as the chief executive officer of the District. Antwan Wilson has served as Superintendent since June 2014. Vernon Hal has served as the District’s Senior Business Officer since December 2008. Ruth Alahydoian has served as the District’s Chief Financial Officer since May 2014. For additional information regarding the Superintendent and the District’s financial and fiscal administrative personnel, see APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – THE DISTRICT – Superintendent and Financial and Fiscal Administrative Personnel.”

From May 30, 2003 to June 29, 2009, all or a portion of the functional areas of the District’s operations was 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 fiscal year 2002-03. On June 30, 2009, the 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 District’s operations, with the power to stay or rescind any action of the Board of Education that may affect the District’s financial condition. For additional information regarding 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 – THE DISTRICT – School District Governance, State Trustee” and “– Financial History of the District.”

For additional information regarding the District’s operations and finances, see APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET” and APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”

THE BONDS

Authority for Issuances

The Series 2016 Bonds. The Series 2016 Bonds are being issued by the District pursuant to the State of California (the “**State**”) Constitution and State laws, including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code (the “**Government Code**”), applicable provisions of the State Education Code (the “**Education Code**”) and other applicable provisions of law. The Series 2016 Bonds are authorized by a resolution adopted by the Board of Education on June 22, 2016 (the “**Series 2016 Resolution**”), and are being issued pursuant to a paying agent agreement, dated as of August 1, 2016 (the “**Series 2016 Paying Agent Agreement**”), by and between the District and U.S. Bank National Association, as paying agent (the “**Paying Agent**”), and acknowledged by the Treasurer-Tax Collector of the County (the “**County Treasurer**”). The District has authorization from the

Board of Supervisors of the County to issue and sell the Series 2016 Bonds on its own behalf pursuant to a resolution adopted by the Board of Supervisors of the County on March 14, 2000 (the “**County Resolution**”).

The Refunding Bonds. The Refunding Bonds are being issued by the District pursuant to the State Constitution and State laws, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, applicable provisions of the Education Code and other applicable provisions of law. The Refunding Bonds are authorized by a resolution adopted by the Board of Education on June 22, 2016 (the “**Refunding District Resolution**” and, together with the Series 2016 Resolution, the “**Resolutions**”), and are being issued pursuant to a paying agent agreement, dated as of August 1, 2016 (the “**Refunding Paying Agent Agreement**” and, together with the Series 2016 Paying Agent Agreement, the “**Paying Agent Agreements**”), by and between the District and the Paying Agent, and acknowledged by the County Treasurer.

Purpose of Issuances

The Series 2016A Bonds. The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$435,000,000 to finance specific school facility construction, repair and improvement projects pursuant to an election held on June 6, 2006 (the “**2006 Authorization**”). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 78.0%. Proceeds from the Series 2016A Bonds are expected to be used (i) to finance specific construction and modernization projects approved by the voters of the District, and (ii) to pay costs of issuance of the Series 2016A Bonds.

The Series 2016B Bonds. The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$475,000,000 to finance specific school facility construction, repair and improvement projects pursuant to an election held on November 6, 2012 (the “**2012 Authorization**”). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 84.4%. Proceeds from the Series 2016B Bonds are expected to be used (i) to finance specific construction and modernization projects approved by the voters of the District, and (ii) to pay costs of issuance of the Series 2016B Bonds.

The Refunding Bonds. The Government Code permits the issuance of bonds payable from *ad valorem* property taxes without a vote of the electors solely to refund other outstanding general obligation bonds which were originally approved by such a vote, provided that the total debt service to maturity on the refunding bonds does not exceed the total debt service to maturity on the bonds being refunded. Proceeds from the Refunding Bonds are expected to be used (i) to refund, on a current basis, all or a portion of the outstanding Oakland Unified School District General Obligation Bonds, Election of 2006, Series 2006 (the “**Series 2006 Bonds**”), (ii) to refund, on an advance basis, all or a portion of the outstanding Oakland Unified School District General Obligation Bonds, (Election of 2006, Series 2009A) (the “**Series 2009A Bonds**” and, together with the Series 2006 Bonds, the “**Outstanding Bonds**”), and (iii) to pay costs of issuance on the Refunding Bonds. The outstanding Series 2006 Bonds and the outstanding Series 2009A Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds.**”

Form and Registration

The Bonds will be issued in fully registered form only 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 the Bonds or any transfer thereof 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 (“**Beneficial Owners**” or “**Owners**”) will not receive physical certificates representing their ownership interests. Principal and interest will be paid by the Paying Agent to DTC, which will in turn remit such payments to DTC participants for subsequent distribution to Beneficial Owners of the Bonds, as described herein. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

The Bonds shall be dated the date of their delivery, and shall bear interest at the rates set forth in the related table on the inside cover page hereof, payable on February 1 and August 1 of each year (each, an “**Interest Payment Date**”), commencing on [First Interest Payment Date], calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall be issued in the denomination of \$5,000 principal amount or any integral multiple thereof.

The principal and any redemption premium of the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the office of the Paying Agent designated for the purpose pursuant to the respective Paying Agent Agreement, on or after the maturity date thereof or upon redemption prior to maturity.

Each Bond authenticated and registered on any date prior to the close of business on the [First Record Date] shall bear interest from the date of said Bond. Each Bond authenticated during the period between any the 15th day of the calendar month immediately preceding an Interest Payment Date (the “**Record Date**”) and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall 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 in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

Interest on the Bonds shall be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date. Payment of the interest on any Bond shall be made by check mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not fall on a Business Day) to such Owner at such Owner’s address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose on or before the Record Date; or upon written request of the Owner of interest-bearing Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Bonds, payment shall be made thereto by wire transfer as provided in the respective Paying Agent Agreement.

Redemption*

Optional Redemption of the Series 2016A Bonds. The Series 2016A Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Series 2016A 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.

Optional Redemption of the Series 2016B Bonds. The Series 2016B Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Series 2016B 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.

Optional Redemption of the Refunding Bonds. The Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or

* Preliminary, subject to change.

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 of the Series 2016A Bonds. The \$_____ Series 2016A Term Bond maturing on August 1, 20__, is also 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
*	
<hr style="width: 20%; margin: auto;"/> * Maturity	

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Series 2016A Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Mandatory Sinking Fund Redemption of the Series 2016B Bonds. The \$_____ Series 2016B Term Bond maturing on August 1, 20__, is also 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
*	
<hr style="width: 20%; margin: auto;"/> * Maturity	

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Series 2016B Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Mandatory Sinking Fund Redemption of the Refunding Bonds. The \$_____ Refunding Term Bond maturing on August 1, 20__, is also 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 in the table above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Refunding Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot. For purposes of such selection, each Series 2016 Bond shall be deemed to consist of individual Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective Owners of Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the date fixed for redemption; (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 redeemed, 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 office of the Paying Agent designated by the Paying Agent for such purpose; (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 such 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 described above, and when the amount necessary for the payment of the redemption price of the Bonds called for redemption is set aside for such purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption 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 date fixed for redemption 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. Any notice of optional redemption of the Bonds delivered in accordance herewith 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 may 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, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise 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 as described in the respective Paying Agent Agreement, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Resolution shall thereupon be satisfied and discharged and shall terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such 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 the respective Paying Agent Agreement will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the Paying Agent Agreements, or held by the Paying Agent in trust, 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 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.

Series 2016 Bonds Projects

Series 2016A Bonds. The District received authorization under Measure B to issue general obligation bonds in an amount not to exceed \$435,000,000 to repair and modernize elementary, middle and high schools and pre-schools, including renovating classrooms, restrooms and other facilities to meet current safety standards, and repairing electrical, plumbing and other building systems; and to build libraries, classrooms, and science and computer labs. The Series 2016A Bonds are the sixth issuance of general obligation bonds of the District authorized at the 2006 Election.

Series 2016B Bonds. The District received authorization under Measure J to issue general obligation bonds in an amount not to exceed \$475,000,000 to upgrade science labs, classrooms, computers and technology; improve student safety and security; repair bathrooms, electrical systems, plumbing and sewer lines; and improve energy efficiency and earthquake safety. The Series 2016B Bonds are the third issuance of general obligation bonds of the District authorized at the 2006 Election.

A portion of the proceeds from the Series 2016A Bonds and a portion of the proceeds from the Series 2016B Bonds, exclusive of any premium and accrued interest received, if any, will be deposited in the County treasury to the credit of the building fund of the District (the “**Building Fund**”). Any premium or accrued interest received will be deposited in the Interest and Sinking Fund 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 Series 2016A Bonds and Series 2016B 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.

Plan of Refunding

The Refunding Bonds are expected to be issued to (i) refund and defease, on a current basis, all or a portion of the District’s outstanding Series 2006 Bonds on [September 16, 2016] (the “**2006 Redemption Date**”) as further described in the following table, (ii) refund and defease, on an advance basis, all or a portion of the District’s outstanding Series 2009A Bonds on [August 1, 2019] (the “**2009A Redemption Date**”), as further described in the following table, and (iii) pay certain costs of issuance of the Refunding Bonds. The outstanding Series 2006 Bonds and the outstanding Series 2009A Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds.**”

A portion of the proceeds from the Refunding Bonds will be deposited into an escrow fund (the “**Escrow Fund**”) to be established and maintained by U.S. Bank National Association, acting as escrow agent (the “**Escrow Agent**”) under that certain escrow agreement, dated as of August 1, 2016 (the “**Escrow Agreement**”), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations 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, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the Refunded Bonds to their respective redemption date at their respective redemption price, as further described in the following tables. See “**ESCROW VERIFICATION**” herein. A portion of the proceeds from the Refunding Bonds will be sent to a costs of issuance custodian (the “**COI Custodian**”) and used to pay costs associated with the issuance of the Refunding Bonds.

Causey Demgen & Moore P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the “**Verification Agent**”) with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunded Bonds to the respective Redemption Date.

Any proceeds of sale of the Refunding Bonds not needed to redeem the Refunded Bonds or to pay costs of issuance of the Refunding Bonds will be transferred to the County Treasurer for deposit in the Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District.

The Refunded Bonds* expected to be refunded are as follows:

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds, Election of 2006, Series 2006
Redemption Date: [September 16, 2016]
Redemption Price: 100%

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP[†] (672325)
2017	\$2,200,000	4.000%	RH2
2018	2,675,000	4.000	RJ8
2019	3,190,000	4.000	RK5
2020	3,750,000	4.000	RL3
2021	4,360,000	5.000	RM1
2022	5,040,000	5.000	RN9
2023	5,770,000	5.000	RP4
2024	6,565,000	5.000	RQ2
2025	7,425,000	5.000	RR0
2026	8,350,000	4.300	RS8
2031	13,350,000	4.375	RV1
2028 [†]	19,790,000	4.375	RT6
2030 [†]	24,225,000	5.000	RU3

[†] Term Bond

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds (Election of 2006, Series 2009A)
Redemption Date: [August 1, 2019]
Redemption Price: 100%

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP[†] (672325)
2020	3,765,000	6.500	TL1
2021	4,195,000	6.500	TM9
2022	4,670,000	6.500	TN7
2023	5,260,000	6.500	TP2
2024	5,070,000	6.500	TQ0
2029 [†]	52,920,000	6.125	TR8

[†] Term Bond

All funds held by the County Treasurer under the Resolutions and the Paying Agent Agreements 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, 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 may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund 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 Internal Revenue Code of 1986 (the "Code") and the requirements of each rating

* Preliminary, subject to change.

[†] CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

agency then rating the Bonds (if any) necessary to maintain the then-current rating on the Bonds. See APPENDIX F – “COUNTY OF ALAMEDA ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT.”

ESTIMATED SOURCES AND USES OF FUNDS

The Series 2016 Bonds

The proceeds of the Series 2016 Bonds are expected to be applied as follows:

	<u>Series 2016A</u> <u>Bonds</u>	<u>Series 2016B</u> <u>Bonds</u>	<u>Total</u>
Sources of Funds			
Par Amount			
Plus [Net] Original Issue Premium			
Total Sources of Funds:			
Uses of Funds			
Deposit to Building Fund			
Deposit to Interest and Sinking Fund			
Costs of Issuance ⁽¹⁾			
Underwriter’s Discount			
Total Uses of Funds:			

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

Refunding Bonds

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

Sources of Funds	
Par Amount	
Plus [Net] Original Issue Premium	
Total Sources of Funds:	
Uses of Funds	
Deposit to Escrow Fund	
Costs of Issuance ⁽¹⁾	
Underwriter’s Discount	
Total Uses of Funds:	

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

DEBT SERVICE SCHEDULES

Semi-Annual Debt Service Payments for the Bonds

The following table shows the semi-annual debt service requirements of the Bonds, assuming no early redemptions:

Period Ending	Series 2016A Bonds		Series 2016B Bonds		Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
02/01/2017							
08/01/2017							
02/01/2018							
08/01/2018							
02/01/2019							
08/01/2019							
02/01/2020							
08/01/2020							
02/01/2021							
08/01/2021							
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08/01/2038							
02/01/2039							
08/01/2039							
02/01/2040							
08/01/2040							
02/01/2041							
08/01/2041							
Total	_____	_____	_____	_____	_____	_____	_____

Combined Annual Debt Service

In addition to the Bonds, the District has other outstanding series of bonds that are on parity with the Bonds. See APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – 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) are expected to be as follows:

Fiscal Year	Outstanding Bonds⁽¹⁾⁽²⁾	Series 2016A Bonds	Series 2016B Bonds	Refunding Bonds	Total Annual Debt Service
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
Total	_____	_____	_____	_____	_____

(1) Includes debt service on the Refunded Bonds.
 (2) Debt service on the District’s Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds) includes the Build America Bonds subsidy. Debt service on the District’s Taxable General Obligation Bonds (Election of Series 2012B) (Qualified School Construction Bonds) includes the Qualified School Construction Bonds subsidy.

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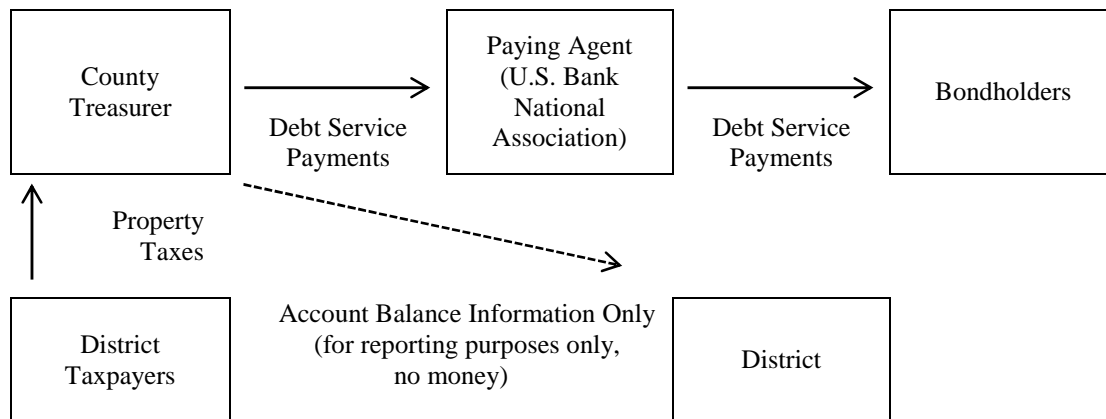
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on a school district's bonds, the board of supervisors of the county, the superintendent of schools of which has jurisdiction over such school district, is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by such school 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 school district. The assessor of the county in which the school district lies must annually certify to the board of supervisors the assessed value of all taxable property in the county situated in the school district. The board of supervisors must levy upon the property of the school district within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the bonds that is to become due during the year.

Accordingly, the Board of Supervisors of the County must levy upon the property of the District the rate of tax that will be sufficient to provide sufficient funds for repayment of principal and interest when due on the Bonds. When collected, the tax revenues will be deposited in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to school districts authorized pursuant to Section 53601 *et seq.* or Section 53635 *et seq.* of the Government Code by the County Treasurer, and consistent with the investment policy of the County. See APPENDIX F – "COUNTY OF ALAMEDA ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT."

The following diagram illustrates the flow of property taxes from District taxpayers to the Interest and Sinking Fund, and from there to bondholders.



Statutory Restrictions and Lien on Debt Service Taxes - SB 222

Government Code Section 53515 provides that general obligation bonds issued and sold by or on behalf of a local agency, like the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. For a discussion of possible legal risks to the enforceability of the Bonds and the security pledged for their payment, see "OTHER LEGAL MATTERS – Possible Limitations on Remedies" herein.

Pledge of Tax Revenues

Pursuant to the Resolutions, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "District Bonds") and amounts on deposit in the Interest and Sinking fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. The property

taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to the pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking fund of the District to secure the payment of the District Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

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

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

As mandated by law, the County Treasurer 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 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 Treasurer, there is no statutory obligation that the District uses its operating revenues to support its bonds in this way. It should not be inferred that the principal of or interest on the Bonds is payable from the District's General Fund or from State revenues.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2015-16 assessed value of \$47,003,395,467. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization (the "**Board of Equalization**").

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

Under the State Constitution, the Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts

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

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

The following table shows the assessed valuation of the various classes of property in the District for recent fiscal years.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Assessed Valuations
Fiscal Years 2006-07 through 2015-16

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2006-07	\$33,174,718,874	\$69,846,294	\$2,153,409,965	\$35,397,975,133	-
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
2013-14	37,502,395,457	16,319,551	2,833,029,883	40,351,744,891	2.99
2014-15	40,091,358,068	15,070,688	2,809,510,293	42,915,939,049	6.35
2015-16	44,159,989,483	20,517,048	2,822,888,936	47,003,395,467	9.52

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in 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, sea level rise, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base

year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

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

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

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

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

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. As of August 1, 2016, the District's fiscal year 2015-16 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") will be approximately \$_____ billion and its net bonding capacity will be approximately \$_____ million (taking into account current outstanding debt before issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Land Use. The following table shows a distribution of taxable property located in the District on the fiscal year 2015-16 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
2015-16 Local Secured Assessed Valuation and Parcels by Land Use**

	2015-16 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Commercial	\$ 7,524,731,887	17.04%	5,834	5.34%
Vacant Commercial	140,986,947	0.32	463	0.42
Industrial	3,801,169,690	8.61	2,252	2.06
Vacant Industrial	140,839,152	0.32	494	0.45
Recreational	68,113,937	0.15	260	0.24
Government/Social/Institutional	<u>283,086,499</u>	<u>0.64</u>	<u>2,645</u>	<u>2.42</u>
Subtotal Non-Residential	\$11,958,928,112	27.08%	11,948	10.94%
Residential:				
Single Family Residence	\$23,140,313,449	52.40%	67,003	61.34%
Condominium/Townhouse	3,458,929,761	7.83	9,617	8.80
Mobile Home	27,061,476	0.06	174	0.16
2-4 Residential Units	1,772,867,520	4.01	13,786	12.62
5+ Residential Units/Apartments	3,592,103,500	8.13	2,928	2.68
Residential – Miscellaneous Uses	71,794,292	0.16	80	0.07
Vacant Residential	<u>137,991,373</u>	<u>0.31</u>	<u>3,701</u>	<u>3.39</u>
Subtotal Residential	\$32,201,061,371	72.92%	97,289	89.06%
Total	\$44,159,989,483	100.00%	109,237	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Homes. The following table shows the assessed valuation of single-family homes in the District for fiscal year 2015-16, including the median and mean assessed valuation per parcel.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Per Parcel 2015-16 Assessed Valuation of Single-Family Homes**

	No. of <u>Parcels</u>	2015-16 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	67,003	\$23,140,313,449	\$345,362	\$239,850

2015-16 <u>Assessed Valuation</u>	No. of <u>Parcels</u> ⁽¹⁾	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$49,999	5,252	7.838%	7.838%	\$ 196,763,625	0.850%	0.850%
\$50,000 - \$99,999	8,519	12.714	20.553	639,330,913	2.763	3.613
\$100,000 - \$149,999	8,205	12.246	32.799	1,022,309,839	4.418	8.031
\$150,000 - \$199,999	6,907	10.308	43.107	1,202,828,420	5.198	13.229
\$200,000 - \$249,999	5,627	8.398	51.505	1,258,613,237	5.439	18.668
\$250,000 - \$299,999	4,321	6.449	57.954	1,181,392,547	5.105	23.773
\$300,000 - \$349,999	4,010	5.985	63.939	1,296,403,811	5.602	29.376
\$350,000 - \$399,999	3,373	5.034	68.973	1,258,848,774	5.440	34.816
\$400,000 - \$449,999	2,939	4.386	73.359	1,244,589,512	5.378	40.194
\$450,000 - \$499,999	2,326	3.471	76.831	1,101,541,442	4.760	44.955
\$500,000 - \$549,999	2,050	3.060	79.890	1,073,213,322	4.638	49.592
\$550,000 - \$599,999	1,706	2.546	82.437	977,649,897	4.225	53.817
\$600,000 - \$649,999	1,545	2.306	84.742	964,210,769	4.167	57.984
\$650,000 - \$699,999	1,488	2.221	86.963	1,002,577,040	4.333	62.317
\$700,000 - \$749,999	1,396	2.083	89.047	1,011,128,972	4.370	66.686
\$750,000 - \$799,999	1,257	1.876	90.923	972,163,952	4.201	70.887
\$800,000 - \$849,999	1,063	1.586	92.509	874,718,531	3.780	74.667
\$850,000 - \$899,999	889	1.327	93.836	776,223,500	3.354	78.022
\$900,000 - \$949,999	747	1.115	94.951	689,115,131	2.978	81.000
\$950,000 - \$999,999	506	0.755	95.706	493,046,309	2.131	83.131
\$1,000,000 and greater	<u>2,877</u>	<u>4.294</u>	100.000	<u>3,903,643,906</u>	<u>16.869</u>	100.000
Total	67,003	100.000%		\$23,140,313,449	100.000%	

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

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Largest Taxpayers in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2015-16 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Largest 2015-16 Local Secured Taxpayers**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Digital 720 2 nd LLC	Industrial	\$ 500,388,017	1.13%
2.	CIM Oakland	Office Building	477,023,436	1.08
3.	Broadway Franklin LLC	Office Building	205,270,765	0.46
4.	SIC Lakeside Drive LLC	Office Building	190,073,452	0.43
5.	Kaiser Foundation Health Plan Inc.	Office Building	149,208,910	0.34
6.	DWF IV 1999 Harrison LLC	Office Building	142,797,199	0.32
7.	555 Oakland City Center LLC	Office Building	135,810,337	0.31
8.	1800 Harrison Foundation	Office Building	130,646,309	0.30
9.	Westcore City Center LLC	Office Building	112,707,099	0.26
10.	Domain Residence LLC	Apartments	105,252,112	0.24
11.	BEX FMCA LLC	Apartments	102,584,296	0.23
12.	Claremont Hotel Properties LP	Hotel/Resort	81,346,452	0.18
13.	Oak Knoll Venture Acquisition LLC	Planned Residential	77,722,474	0.18
14.	Owens Brockway Glass Container Inc.	Industrial	73,440,756	0.17
15.	WM Allegro LLC	Apartments	73,400,189	0.17
16.	Eastmont Office Owner LLC	Commercial	68,728,564	0.16
17.	Essex Portfolio LP	Apartments	67,515,661	0.15
18.	STG City Square LLC	Office Building	61,581,288	0.14
19.	Brandywine Operating Partnership	Office Building	61,310,700	0.14
20.	Mach II 180 LLC	Office Building	<u>61,300,000</u>	<u>0.14</u>
			\$2,878,108,016	6.52%

⁽¹⁾ 2015-16 Local Secured Assessed Valuation: \$44,159,989,483
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer’s financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control. See “– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” above.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year’s secured property tax rate. Economic and other factors beyond the District’s control, such as a general market decline in 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. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 17-001). TRA 17-001 comprises approximately _____% of the total fiscal year 2015-16 assessed value of the District.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Typical Tax Rates per \$100 of Assessed Valuation
(TRA 17-001)⁽¹⁾

	2011-12	2012-13	2013-14	2014-15	2015-16
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Oakland Unified School District Bonds	0.1305	0.1384	0.1267	.1745	.1539
Peralta Community College District Bonds	0.0436	0.0434	0.0430	.0412	.0337
Bay Area Rapid Transit District	0.0041	0.0043	0.0031	.0045	.0026
East Bay Municipal Utility District Bonds	0.0067	0.0051	0.0084	.0047	.0034
East Bay Regional Park District Bonds	0.0071	0.0068	0.0067	.0085	.0067
City of Oakland	0.2192	0.2077	0.2207	.2042	.1651
Total	1.4112%	1.4057%	1.4086%	1.4376%	1.3654%

⁽¹⁾ 2015-16 Assessed Valuation of Tax Rate Area: \$22,211,403,091
Source: California Municipal Statistics, Inc.

Tax Charges and Delinquencies

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

The county treasurer and tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$40 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and 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. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Tax Collections and Delinquencies
2005-06 through 2014-15

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent (June 30)	Percent Delinquent	Percent Change
2005-06	\$42,744,753.00	\$1,866,038.08	4.37%	21.6%
2006-07	46,493,487.76	2,886,125.96	6.21	54.7
2007-08	49,533,162.50	3,750,930.53	7.57	30.0
2008-09	52,208,875.88	3,537,133.99	6.77	(5.7)
2009-10	66,552,286.84	3,529,755.43	5.30	(0.2)
2010-11	64,969,613.31	2,779,923.73	4.28	(21.2)
2011-12	66,438,365.38	2,206,564.05	3.32	(20.6)
2012-13	70,191,721.44	1,785,077.90	2.54	(19.1)
2013-14	86,661,775.17	1,756,630.10	2.03	(1.6)
2014-15	89,995,251.27	1,701,850.25	--	--

⁽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 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 been above 3% of the total of taxes and assessments levied on the secured roll.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective June 1, 2016 for debt issued as of June 1, 2016. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two 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 three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District.

In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Direct and Overlapping Bonded Debt**

2015-16 Assessed Valuation: \$47,003,395,467

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/16</u>
Bay Area Rapid Transit District	7.804%	\$ 41,132,153
East Bay Municipal Utility District, Special District No. 1	51.554	3,786,641
East Bay Regional Park District	11.957	17,928,924
Peralta Community College District	55.243	202,147,948
Oakland Unified School District	100.	932,545,000 (1)
)		
City of Oakland	98.331	198,461,457
City of Oakland 1915 Act Bonds	100.	5,685,000
City of Emeryville 1915 Act Bonds	3.914	173,390
City of Piedmont 1915 Act Bonds	4.792	<u>139,447</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,401,999,960

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	19.786%	\$ 168,668,131
Alameda County Pension Obligation Bonds	19.786	9,321,401
Alameda-Contra Costa Transit District Certificates of Participation	23.440	4,989,204
Peralta Community College District Pension Obligation Bonds	55.243	90,573,018
Oakland Unified School District Lease Revenue Bonds	100.	36,045,000
	(2)	
City of Emeryville General Fund Obligations	0.013	476
City of Oakland General Fund Obligations	98.331	184,439,377
City of Oakland Pension Obligation Bonds	98.331	<u>307,995,563</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$802,032,170

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$407,463,274

COMBINED TOTAL DEBT \$2,611,495,404
(3)

- (1) Excludes general obligation bonds to be sold.
- (2) State School Fund Apportionment, Refunding Series 2008 issued by California Infrastructure and Economic Development Bank.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$932,545,000)	1.98%
Total Direct and Overlapping Tax and Assessment Debt.....	2.98%
Combined Direct Debt (\$968,590,000)	2.06%
Combined Total Debt	5.56%

Ratios to Redevelopment Incremental Valuation (\$11,933,079,768):

Total Overlapping Tax Increment Debt.....	3.41%
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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 in the past and may in the future 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.” 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.”

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. 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.”

Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund were amounts on deposit therein ever insufficient to pay the principal of and interest due on its bonds, the District is not legally obligated to use its operating revenues to support its bonds.

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.”

Incomplete Audit Reports; Limited Scope Audits

The District experienced increasing financial strain over a period of several years which culminated in 2003 when the State appointed an administrator to assume the powers of the District’s Board of Education and made an emergency loan to the District. Although the Board of Education regained full control of District governance in June 2009, certain historical information described in this section may be of interest to investors in the Bonds. Additional 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 – THE DISTRICT – School District Governance, State Trustee,” “– Financial History of the District” and “DISTRICT FINANCIAL MATTERS – 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, and projected the deficit would reach \$52 million by June 30, 2003.

Before the audit for fiscal year 2001-2002 was completed, a Financial Crisis Management Assistance Team (“FCMAT”) declared a fiscal emergency in the District and the Board of Education requested an emergency loan from the State, resulting in 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.

From 2002 to 2011, the District’s financial statements have not been audited by an independent public accounting firm. The California State 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 financial statements for fiscal years 2002-03 through 2007-08 and fiscal years 2010-11 and 2011-12. However, in each case except fiscal year 2011-12, the Controller limited its opinion in scope to State and federal program compliance.

In November 2014, the Controller released an audit report for the District for the fiscal year ended June 30, 2012 (the “**2012 Audit Report**”). For the first time since the Controller took responsibility for annually auditing the District, the Controller was able to express an opinion on the District’s financial statements. The Controller expressed a “qualified opinion” on the District’s financial statements for the fiscal year ended June 30, 2012 because the District did not present the financial statements for the associated student body funds, which generally accepted governmental accounting principles require as part of the fund financial statements. In the Controller’s opinion, however, the District’s financial statements for fiscal year 2011-12 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year ending June 30, 2012.

The Controller ceded responsibility for conducting the District’s annual financial audits to an outside auditing firm for fiscal year 2012-13 and fiscal year 2013-14. On July 20, 2015, Vavrinek, Trine, Day & Co., LLP (“**VTD**”), the outside auditing firm, released their audit for fiscal year 2012-13 (the “**2013 Audit Report**”). On January 15, 2016, VTD released their audit for fiscal year 2013-14 (the “**2014 Audit Report**”). VTD expressed a qualified opinion on the District’s financial statements for fiscal year 2012-13 and on the District’s financial statements for fiscal year 2013-14 because the financial statements did not include the Associated Student Body Fund, and statements for such fund are required by generally accepted accounting principles in the United States of America. Except for the omission of the Associated Student Body Fund, VTD opined that the District’s financial statements for fiscal year 2012-13 and the District’s financial statements for fiscal year 2013-14 fairly present, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013 and June 30, 2014, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

For a discussion of the District’s potential financial liabilities related to the state and federal compliance audits performed by the State Controller, see “APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Pending Audits of District Financial Statements” and “– Other Audits; Audit Findings.”

The financial information presented in APPENDIX C represents the audited financial statements of the District for fiscal year ended June 30, 2015. For further discussion, see APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET.”

The ACOE reviews the District’s budget, interim and unaudited financial reports throughout the year. The ACOE also reviews and processes expenditures and receipts and performs internal reconciliation of the District’s cash and budget. See “APPENDIX B – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Pending Audits of District Financial Statements” and “– Other Audits; Audit Findings.” Also see “District Financial Considerations” below.

Risks of Bankruptcy of District

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. 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. State law provides that the *ad valorem* taxes must be used to pay principal and interest on general obligation bonds and for no other purpose. The District believes that this restriction on the expenditure of the *ad valorem* taxes 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, although a bankruptcy court could conclude otherwise. For example, a bankruptcy court could 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 State law and the Paying Agent Agreements.

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 Paying Agent from making payments to the holders of the Bonds from funds in the Paying Agent's possession. While the County Treasurer has agreed that it will pay the *ad valorem* tax revenues directly to the Paying Agent, so that the District never receives them, it is not clear whether this arrangement is enforceable in bankruptcy or whether the District would instead be able to require that *ad valorem* tax revenues be paid directly to it by the County Treasurer.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value, or Bondholders may experience other adverse effects should the District file for bankruptcy.

California Senate Bill 222 (2015) (“**SB 222**”) provides that general obligation bonds issued and sold by school districts after January 1, 2016 are secured by a statutory lien on the *ad valorem* taxes levied and collected to pay principal and interest thereon. The statutory lien provides bondholders with a security interest in the *ad valorem* taxes that will survive a bankruptcy of the District.

Commingling Risks

The County Treasurer may commingle *ad valorem* tax revenues that it receives on behalf of the District for payment of the Bonds with other funds held by the County Treasurer before it turns over the *ad valorem* tax revenues to the Paying Agent. The Paying Agent and the holders of the Bonds may not have a lien on such commingled *ad valorem* tax revenues and the County Treasurer may fail or be unable to turn over to the Paying Agent 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 Paying Agent, the County Treasurer 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 District's General Fund 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.

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 past 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."

The Controller identified 44 findings for fiscal year 2010-11. Seven findings submitted to the Education Audit Appeals Panel ("EAAP") are currently still pending, one finding was submitted to the California Department of Education (the "CDE") with the fiscal year 2011-12 findings for joint consideration, and all other findings have been resolved or waived by either the ACOE or the CDE. The Controller identified 24 findings for fiscal year 2011-12: (i) one finding is related to financials regarding the lack of associated student body account records; (ii) 12 are related to federal program compliance issues; and (iii) 11 are related to State program compliance issues. The findings result in approximately \$1.9 million in potential repayments due by the District to State and Federal governments. The District appealed \$1.8 million of findings to the EAAP and the CDE and is currently awaiting final decisions. The District cannot predict whether the audits for fiscal years 2008-09 or 2009-10, when and if completed, will also contain findings or what the District's liability may be pursuant to such findings, if any, or the District's exposure to findings from prior year audits. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Other Audits; Audit Findings."

The District has set-aside approximately \$4.6 million as a designation in the General Fund ending balance to pay for prior year audit findings. 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 – DISTRICT FINANCIAL MATTERS – Pending Audits of District Financial Statements" for further information on these audit findings.

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. Bond Counsel is of the further opinion that 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 such interest 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 D 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 amounts treated as 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. For example, the Obama Administration’s budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. 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 Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 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 IRS, 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 the Bonds and certain other legal matters are subject to the approving opinions of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel. Bond Counsel expects to deliver opinions with respect to the Bonds at the time of issuance of the Bonds substantially in the forms set forth in APPENDIX D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe, LLP, as Disclosure Counsel to the District.

Legality for Investment in the State of California

Under the provisions of the State Financial Code, the Bonds is a legal investment 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 California Government Code, the Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "**EMMA System**") certain annual financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2015-16 fiscal year (which is due no later than April 1, 2017) and notice of the occurrence of certain enumerated events ("**Notice Events**") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

During the last five years, the District did not include information regarding assessed valuation and parcels by land use and assessed valuation of single-family homes in the Annual Report for fiscal year 2012-13. The information has since been filed. The District has implemented procedures to assist with future compliance. The District has retained Digital Assurance Certification, LLC to serve as dissemination agent with respect to the Bonds.

No Litigation

No litigation is pending or threatened concerning or contesting 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. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District or County officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate or certificates to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

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

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore P.C. (the "**Verification Agent**"). Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

MISCELLANEOUS

Ratings

Moody's Investor Services has assigned its rating of "___" to the Bonds, Standard & Poor's Ratings Services has assigned its rating of "___" to the Bonds, and Fitch Ratings, Inc. has assigned its rating of "___" to the Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. KNN Public Finance, LLC, is acting as the District's Municipal Advisor with respect to the Bonds. Payment of the fees and expenses of the Municipal Advisor is also contingent upon the sale and delivery of the Bonds. Curly Bartling P.C. is acting as Underwriter's Counsel with respect to the Bonds, and will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Underwriting

The Series 2016 Bonds. The Series 2016 Bonds are being purchased for reoffering to the public by Siebert Brandford Shank & Co., L.L.C. (the "**Underwriter**"), pursuant to the terms of a bond purchase agreement executed on _____, 2016, by and between the Underwriter and the District (the "**Purchase Contract**"). The Underwriter has agreed to purchase the Series 2016 Bonds at a price of \$ _____ (which represents the aggregate principal amount of the Series 2016 Bonds, plus \$ _____ [net] original issue premium and less \$ _____

Underwriter's discount). The Purchase Contract provides that the Underwriter will purchase all of the Series 2016 Bonds, subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel.

Refunding Bonds. The Refunding Bonds are being purchased for reoffering to the public by the Underwriter, pursuant to the terms of the Purchase Contract. The Underwriter has agreed to purchase the Refunding Bonds at a price of \$ _____ (which represents the aggregate principal amount of the Refunding Bonds, plus \$ _____ [net] original issue premium and less \$ _____ Underwriter's discount). The Purchase Contract provides that the Underwriter will purchase all of the Refunding Bonds, subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel.

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

Siebert Brandford Shank & Co., L.L.C. ("**Siebert Brandford Shank**") has entered into an agreement with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Credit Suisse Securities (USA) will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Credit Suisse Securities (USA) sells. Siebert Brandford Shank will share a portion of its underwriting compensation with Credit Suisse Securities (USA).

ADDITIONAL INFORMATION

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

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

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

OAKLAND UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

THE ECONOMY OF THE DISTRICT

The following economic data is presented for information purposes only. The Series 2016 Bonds are not a debt or obligation of the City of Oakland or the County of Alameda.

General

Information regarding the City of Oakland (the “**City**”) is provided in this APPENDIX A because economic data specific to the exact boundaries of the Oakland Unified School District (the “**District**”) is not available. Although the District encompasses slightly more land than the City, they are virtually coterminous and, therefore, the data provided herein is representative of the economy of the District. Data from the County of Alameda (the “**County**”) is provided where data for the City is not available.

The City has a population of approximately 422,856 as of January 1, 2016, and the County has a population of approximately 1,627,865 as of January 1, 2016. The City is located in the County and comprises approximately 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 San Francisco via the San Francisco-Oakland Bay Bridge. The City, approximately 53.8 square miles, is the largest and most established of the “East Bay” cities. Its geography ranges from industrialized areas to 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.

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 Pandora Radio, Kaiser Permanente, Dreyer’s Grand Ice Cream, Southwest Airlines, FedEx, Clorox Company, AT&T, U.S. Postal Service, and Safeway Inc. Additionally, Uber Technologies, Inc., a multinational online transportation network company, is expected to move to the City in 2017.

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 Fox Theater, a burgeoning restaurant scene, the recently remodeled Oakland Museum of California, and a vibrant nightlife. The City is also currently home to three major professional sports teams. The Oakland Athletics, the Golden State Warriors* and the Oakland Raiders all play at stadiums within the City. 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.

* The Golden State Warriors are expected to move to San Francisco in 2019.

Population

The following table sets forth the population of the City, the County and the State for the last 10 years. The City's population increased by 36,974, or approximately 9.6%, over this 10-year period.

City of Oakland, County of Alameda and State of California Population 2007 - 2016⁽¹⁾

Calendar Year	City of Oakland	County of Alameda	State of California
2007	385,882	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 ⁽¹⁾	390,724	1,509,240	37,253,956
2011	394,716	1,525,695	37,536,835
2012	400,281	1,543,027	37,881,357
2013	408,822	1,566,339	38,239,207
2014	413,626	1,587,637	38,567,459
2015	419,539	1,610,765	38,907,642
2016	422,856	1,627,865	39,255,833

⁽¹⁾ Data reflects population estimates as of January 1 for calendar years 2007-2009 and 2011-2016 and as of April 1 for calendar year 2010.

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001–2010, with 2000 & 2010 Census Counts for 2007-10 and E-4 Population Estimates for Cities, Counties, and the State, 2011–2016, with 2010 Census Benchmark for 2011-2016.

Employment

The following table sets forth industries in the County of Alameda in terms of employment in each respective industry, as estimated by the State of California Employment Development Department as follows:

County of Alameda Employment by Industry Group Annual Averages 2011 – 2015⁽¹⁾

Industry	2011	2012	2013	2014	2015
Farm	700	700	600	500	400
Mining, Logging and Construction	30,800	33,300	35,600	37,600	40,600
Manufacturing	62,100	62,300	64,600	67,500	71,500
Trade, Transportation & Utilities	119,200	123,300	127,700	131,300	136,500
Information	13,600	13,600	12,900	12,900	14,100
Financial Activities	23,000	23,500	24,400	24,300	23,400
Professional & Business Services	111,600	118,300	121,300	125,600	132,700
Educational & Health Services	104,600	108,300	111,000	111,600	114,500
Leisure & Hospitality	56,000	58,300	61,900	65,800	67,900
Other Services	23,300	24,000	24,800	25,000	25,500
Government	116,000	114,900	115,100	117,300	119,300

⁽¹⁾ Most recent data available as of the date of this Official Statement.

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, unemployment and unemployment rates for City residents, County residents and State residents from calendar years 2011 through 2015. The California Employment Development Department reported unemployment rates for April 2016 at 5.2% for the State, 4.1% for the County and 5.1% for the City (not seasonally adjusted).

City of Oakland, County of Alameda and State of California Civilian Labor Force, Employment and Unemployment Annual Average 2011 – 2015⁽¹⁾

	Labor Force	Civilian Employment	Unemployment	Unemployment Rate (%)
City of Oakland				
2011	205,600	180,200	25,300	12.3%
2012	207,800	185,600	22,100	10.7
2013	207,600	189,100	18,500	8.9
2014	208,600	193,600	15,000	7.2
2015	211,100	198,700	12,400	5.9
County of Alameda				
2011	786,800	707,400	79,400	10.1%
2012	799,600	730,100	69,500	8.7
2013	804,800	746,600	58,200	7.2
2014	812,800	765,600	47,200	5.8
2015	824,800	785,700	39,100	4.7
State of California				
2011	18,415,100	16,258,100	2,157,000	11.7%
2012	18,551,400	16,627,800	1,923,600	10.4
2013	18,670,100	17,001,000	1,669,000	8.9
2014	18,827,900	17,418,000	1,409,900	7.5
2015	18,981,800	17,798,600	1,183,200	6.2

⁽¹⁾ Most recent data available as of the date of this Official Statement.

Source: State of California Employment Development Department – Unemployment rates (Labor Force).

Major Employers

The following table sets forth the top ten major employers in the City.

City of Oakland Major Employers

Employer	Number of Employees	% of Total Employment
Kaiser Foundation Hospitals/Permanente Medical Center	9,992	5.03%
Oakland Unified School District	6,637	3.34
County of Alameda	5,312	2.67
City of Oakland	3,352	1.69
Bay Area Rapid Transit	3,210	1.62
State of California	3,169	1.59
Children's Hospital Oakland	2,800	1.41
Alameda County Health System	2,300	1.16
United Parcel Service	2,200	1.11
Southwest Airlines	2,113	1.06

Source: City of Oakland Comprehensive Annual Financial Report for the year ended June 30, 2015.

Construction Activity

The following table sets forth a summary of housing unit building permits in the City and the County.

City of Oakland and the County of Alameda Housing Unit Building Permits 2011 – 2015⁽¹⁾

	2011	2012	2013	2014	2015
City of Oakland					
Total Units	290	275	509	257	866
Units in Single-Family Structures	41	54	52	81	109
Units in All Multi-Family Structures	249	221	457	176	757
County of Alameda					
Total Units	2,172	2,745	3,081	3,438	5,101
Units in Single-Family Structures	820	1,373	1,391	1,613	1,905
Units in All Multi-Family Structures	1,352	1,372	1,690	1,825	3,196

⁽¹⁾ Most recent data available as of the date of this Official Statement.

Source: U.S. Department of Housing and Urban Development.

The following table sets forth a summary of non-residential valuation for the City and the County.

**City of Oakland and the County of Alameda
Non-Residential Valuation
2011 – 2015⁽¹⁾⁽²⁾**

	2011	2012	2013	2014	2015
City of Oakland	\$87,563,537	\$50,592,902	\$46,015,883	\$58,015,043	\$96,605,362
County of Alameda	\$739,283,526	\$463,431,632	\$636,773,980	\$1,026,771,499	\$1,146,437,073

⁽¹⁾ Most recent data available as of the date of this Official Statement.

⁽²⁾ Includes non-residential valuation for hotels and motels, non-housekeeping shelter, recreational, churches, industrial, parking garages, service stations, hospitals, offices, public work, schools education, retail, other non-residential buildings, structures other than buildings, non-residential alterations and residential garages.

Source: CIRB and California Homebuilding Foundation (CHF).

Median Housing Price

The median price of a house in the City increased from \$460,000 in 2005 to \$520,000 in 2015. The median price of a house in the County increased from \$565,000 in 2005 to \$630,000 in 2015.

**City of Oakland and County of Alameda
Median Housing Prices
2005 – 2015⁽¹⁾**

Year	City of Oakland	County of Alameda
2005	\$460,000	\$565,000
2006	499,000	588,000
2007	499,000	581,000
2008	320,000	426,000
2009	198,000	339,000
2010	242,250	369,000
2011	220,000	337,000
2012	250,000	367,750
2013	377,500	483,000
2014	430,000	561,000
2015	520,000	630,000

⁽¹⁾ Most recent data available as of the date of this Official Statement.

Source: CoreLogic; provided by DQNews.

Income

Personal income in the San Francisco – Oakland – Hayward area (which is larger than the District, and which contains the District) increased by 6.1% from 2013 to 2014. Per capita personal income in the area grew by 4.6% in that same time period. The following tables summarize personal income for the San Francisco-Oakland-Hayward area, which encompasses the District, for the calendar years 2005 through 2014.

Personal Income and Per Capita Income San Francisco – Oakland – Hayward 2005 – 2014⁽¹⁾

Year	Personal Income	Annual Percent Change	Per Capita Income	Annual Percent Change
2005	\$ 231,352,393	-	55,911	-
2006	250,453,763	8.3%	60,369	8.0%
2007	260,222,261	3.9	62,200	3.0
2008	264,563,680	1.7	62,339	0.2
2009	248,917,851	(5.9)	57,850	(7.2)
2010	255,461,345	2.6	58,792	1.6
2011	278,037,608	8.8	63,188	7.5
2012	304,722,327	9.6	68,290	8.1
2013	313,452,105	2.9	69,200	1.3
2014	332,445,103	6.1	72,364	4.6

⁽¹⁾ Most recent data available as of the date of this Official Statement.

Source: U.S. Department of Commerce, Bureau of Economic Analysis – Table 2. Per Capita Personal Income by Metropolitan Area, 2012-2014

Retail Sales

The following tables set forth a history of taxable sales for the City and County for calendar years 2010 through 2014.

City of Oakland and County of Alameda Taxable Sales 2010 – 2014⁽¹⁾ (\$ in Thousands)

Taxable Sales	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
City of Oakland				
2010	7,849	2,246,454	10,981	3,310,325
2011	7,238	2,504,327	10,284	3,733,232
2012	7,694	2,741,626	10,715	4,031,912
2013	7,713	2,871,106	10,670	4,179,349
2014 ⁽¹⁾	7,797	2,263,738	10,742	3,268,849
County of Alameda				
2010	26,241	13,374,283	40,348	21,541,741
2011	24,809	14,519,756	38,577	23,430,799
2012	26,027	15,781,349	39,706	25,181,571
2013	27,017	16,893,102	40,662	26,624,571
2014 ⁽¹⁾	27,152	13,043,262	40,746	20,804,155

⁽¹⁾ Most recent data available as of the date of this Official Statement; 2014 data as of Third Quarter 2014.

Source: California State Board of Equalization, Taxable Sales in California for 2010 through 2013 and as of Third Quarter, 2014.

APPENDIX B

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

THE DISTRICT

General

The Oakland Unified School District (the "District") is located in and is approximately coterminous with the City of Oakland, California (the "City"), located on the east side of the San Francisco Bay, approximately seven miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.8 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.

The District currently operates 49 elementary schools, 13 middle schools serving grades 6-8, five elementary/middle schools serving grades K-8, seven comprehensive senior high schools serving grades 9-12, three middle/high schools serving grades 6-12, and nine alternate high school programs. ___ charter schools currently operate within the District's boundaries. The District's current enrollment for fiscal year 2015-16 is approximately ___ students in grades K-12, not including the students in the charter schools. As of ___, 2016, the District employed approximately ___ full-time equivalent ("FTE") employees, including ___ FTE certificated (teaching) employees and ___ FTE classified (non-teaching) employees. The District's projected fiscal year 2015-16 general fund expenditures are approximately \$___ million.

Board of Education

The District operates under the jurisdiction of the Alameda County Superintendent of Schools. The governing board of the District is the Board of Education of the Oakland Unified School District (the "Board of Education"). The Board of Education generally consists of seven members who are elected to staggered four-year terms. The name, office and the month and year of the expiration of the term of each member of the Board of Education are described below.

Name	Office	District	Term Expires
James Harris	President	District 7	January 2017
Nina Senn	Vice President	District 4	January 2019
Aimee Eng	Director	District 2	January 2019
Shanthi Gonzales	Director	District 6	January 2019
Jumoke Hinton-Hodge	Director	District 3	January 2017
Jody London	Director	District 1	January 2017
Roseann Torres	Director	District 5	January 2017

Superintendent and Key Personnel

The Superintendent of the District is appointed by the Board of Education and reports to the Board of Education. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and certain other key administrative personnel is set forth below.

Antwan Wilson, Superintendent. Mr. Wilson has served as the District's Superintendent since July 2014. Prior to joining the District, Mr. Wilson served as the Assistant Superintendent for Post-Secondary Readiness in Denver Public Schools for six years leading Denver's Middle, High, and Intensive Pathway Schools. Additionally, he was responsible for the Denver's School Turnaround efforts, the College and Career Office, the Student Engagement Office, and the Athletics Office. Mr. Wilson has also served as the High School Instructional Superintendent for Denver Public Schools, where he was in charge of school-improvement efforts for the high schools and supervising school leaders. He has served as a high school principal and middle school principal in Denver Public Schools and previously in Wichita Public Schools. Mr. Wilson has also worked as an assistant high school principal and as a middle and high school classroom teacher in Wichita, Kansas, Lincoln, Nebraska, and Raleigh, North Carolina.

Vernon Hal, Senior Business Officer. Mr. Hal has served as the District's Senior Business Officer since December 2008. Prior to serving as the District's Senior Business Officer, Mr. Hal served as the District's Deputy Superintendent, Business and Operations, the Associate Superintendent of Business Services, the Assistant Superintendent of Business Services, and Controller. Mr. Hal also served as Managing Director of Oakland-based Impact Capital Management for eight years and has had more than 27 years of experience in accounting and financial management positions, including nearly a decade in the audit department of Deloitte & Touche.

Ruth Alahydoian, Chief Financial Officer. Ms. Alahydoian has served as the District's Chief Financial Officer since May 2014. Prior to joining the District, Ms. Alahydoian worked as a financial consultant to school districts, including the District, for over 18 years. She advised on general obligation bond programs and other financing issues. Prior to her work as a financial advisor at KNN Public Finance, Ms. Alahydoian spent eight years working in Washington, D.C., for the Federal government (four years as an economist for the Department of Housing and Urban Development, and four years as a Congressional staff member). Ms. Alahydoian earned an M.B.A. from Yale University and a B.A. from Occidental College in Los Angeles.

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 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 (i) the emergency loan (the "**Emergency Apportionment Loan**") is repaid, (ii) the District has adequate fiscal systems and controls in place, and (iii) 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 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 (the "**ACOE**") from 2004 - 2010. Her responsibilities spanned the areas of finance, fiscal oversight, information technology and operations. Prior to serving as the Associate Superintendent for the ACOE, Ms. Naylor spent thirteen years as Deputy Superintendent for the Yolo County Office of Education where she 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.

Ms. Naylor has informed the District that she will not rescind the Board of Education's authorization of the Bonds because the issuance of the Bonds will not impact the District's financial condition.

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 2003, the County Superintendent 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, which 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 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 using funds from the District’s General Fund. A portion of the Emergency Apportionment Loan was refinanced in December 2005. See “DISTRICT FINANCIAL MATTERS– District Debt Structure – *Refunding of a Portion of the State Emergency Apportionment Loan*” herein.

As a condition 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: (i) community relations and governance, (ii) pupil achievement, (iii) financial management, (iv) personnel management, and (v) facilities management. In 2006, the State returned control of three functional areas of District management to the Board of Education. In December 2008, FCMAT reported that the District had met the established criteria, and recommended return of the last two functional areas to the Board of Education and the appointment of a State Trustee in lieu of a State Administrator. Control of the District was officially restored to the Board of Education on June 30, 2009, subject to the State Trustee’s power to rescind Board of Education action.

S.B. 39 also directs the California State Controller’s Office (the “**Controller**”) to conduct annual financial and compliance audits of the District until such time as the State Superintendent, in consultation with the Controller determines that the District is financially solvent. Although the State Superintendent 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 “DISTRICT FINANCIAL MATTERS – Other Audits; Audit Findings” herein. See also “RISK FACTORS – Incomplete Audit Reports; Limited Scope Audits” in the front portion of this Official Statement.

Strategic Plan

In November 2014, the District released a five-year strategic plan (the “**Strategic Plan**”) for 2015-2020 with five goals: (i) providing every student with access to a high-quality school, (ii) ensuring each student is prepared for college, career and community success, (iii) staffing every school with talented individuals committed to working in service of children, (iv) creating a school district that holds itself and its partners accountable for superior outcomes, and (v) guaranteeing rigorous instruction in every classroom. The Strategic Plan also identified three major priorities: (i) creating effective talent programs, (ii) creating an accountable school district, and (iii) creating quality community schools. The District has also adopted a Local Control and Accountability Plan (“**LCAP**”) that identifies specific goals and actions in line with the Strategic Plan.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District’s operating income consists primarily of two components: a State portion funded from the State’s general fund in accordance with the Local Control Funding

Formula (see “ – Allocation of State Funding to School Districts; Local Control Funding Formula” herein) and a local portion derived from the District’s share of the 1% local *ad valorem* tax authorized by the State Constitution (see “ – Local Sources of Education Funding” herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District projects to receive approximately ___% of its general fund revenues from State funds (not including the local portion derived from the District’s share of the local *ad valorem* tax), projected at approximately \$___ million in fiscal year 2016-17. Such amount includes both the State funding provided under the Local Control Funding Formula as well as other State revenues (see “– Allocation of State Funding to School Districts; Local Control Funding Formula – Attendance and LCFF” and “– Other District Revenues – Other State Revenues” below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District’s revenues and operations, though generally to a lesser extent than these may affect most school districts.

Under Proposition 98, a constitutional and statutory amendment adopted by the State’s voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State’s general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

The State budget for fiscal year 2013-14 contained a new formula for funding the school finance system (the “**Local Control Funding Formula**” or “**LCFF**”). The LCFF replaced the revenue limit funding system and most categorical programs. See “– Allocation of State Funding to School Districts; Local Control Funding Formula” herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State’s voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature “as related to the budget in the budget bill.” The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2016-17 State budget on _____, 2016.

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

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

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

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, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

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

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

Proposed 2016-17 State Budget. The Governor released his proposed fiscal year 2016-17 State budget (the "2016-17 Proposed State Budget") on January 7, 2016. The 2016-17 Proposed State Budget proposes a balanced budget for fiscal year 2016-17. The Governor proposes to use funds to pay down outstanding budgetary borrowing including loans from special funds, Proposition 98 settle up obligations, transportation loans, and pension liabilities related to University of California employees. The 2016-17 Proposed State Budget estimates that total resources available in fiscal year 2015-16 will be approximately \$121.2 billion (including a prior year balance of \$3.7 billion) and total expenditures in fiscal year 2015-16 will be approximately \$116.1 billion. The 2016-17 Proposed State

Budget projects total resources available for fiscal year 2016-17 of \$125.8 billion, inclusive of revenues and transfers of \$120.6 billion and a prior year balance of \$5.17 billion. The 2016-17 Proposed State Budget projects total expenditures of \$122.6 billion, inclusive of non-Proposition 98 expenditures of \$71.6 billion and Proposition 98 expenditures of \$50.97 billion. The 2016-17 Proposed State Budget proposes to allocate \$966 million of the State general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and \$2.2 billion of such fund balance to the State's Special Fund for Economic Uncertainties.

The 2016-17 Proposed State Budget prioritizes a balanced budget for the long term and fully funding the State's Rainy Day Fund (the "**Rainy Day Fund**"). The Governor projects that the Rainy Day Fund will have a balance of approximately \$6 billion in fiscal year 2016-17. The 2016-17 Proposed State Budget proposes to make an additional \$2 billion deposit during fiscal year 2016-17 to bring the balance of the Rainy Day Fund to \$8 billion, which is approximately 65% of the target balance. For more information about the Rainy Day Fund, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – *Rainy Day Fund*" herein.

Despite budgetary improvements as compared to recent years, the 2016-17 Proposed State Budget acknowledges that the additional tax revenues from capital gains are temporary in nature and that the additional revenues from Proposition 30 will expire in 2016 (with respect to the sales tax increase) and 2018 (with respect to the income tax increase). Further, the 2016-17 Proposed State Budget cautions that the State should address several risks, including: the inevitable occurrence of another recession, ongoing fiscal challenges of the federal government, the budget's heavy dependency on the performance of the stock market, the high levels of State debts and liabilities, including unfunded retirement liabilities, and deferred maintenance of the State's roads and other infrastructure.

Certain workload adjustments and budgetary proposals for K-12 education set forth in the 2016-17 Proposed State Budget include the following:

- School District Local Control Funding Formula. The 2016-17 Proposed State Budget proposes to provide \$2.8 billion to continue the implementation of the Local Control Funding Formula. The 2016-17 Proposed State Budget proposes to eliminate almost 50% of the remaining funding gap between actual funding and the target level of funding. The Governor estimates that total Local Control Funding Formula implementation is now 95%.
- County Offices of Education Local Control Funding Formula. An increase of \$1.7 million Proposition 98 General Fund to support a cost-of-living adjustment and A.D.A. changes for county offices of education.
- Proposition 98 Minimum Guarantee. The 2016-17 Proposed State Budget proposes Proposition 98 funding of \$71.6 billion, inclusive of State and local funds, for fiscal year 2016-17 which is expected to satisfy the Proposition 98 minimum guarantee.
- Early Education Block Grant. The 2016-17 Proposed State Budget proposes a \$1.6 billion early education block grant for local educational agencies that will combine Proposition 98 funding from the State Preschool Program, transitional kindergarten, and the preschool Quality Rating and Improvement System Grant.
- Mandate Claims. The 2016-17 Proposed State Budget proposes to allocate approximately \$1.28 billion in one-time moneys to reduce outstanding mandate claims by school districts, charter schools, and county offices of education.
- Career Technical Education. The 2015-16 State Budget included resources to support the first year of the Career Technical Education Incentive Grant program, a transitional education and workforce development initiative administered by the California Department of Education. Pursuant to the program, the State will allocate \$400 million in fiscal year 2015-16, \$300 million in fiscal year 2016-17, and \$200 million in 2017-18 in the form of competitive matching grants to school districts, county offices, of education, and charter schools.

- One-Time Discretionary Funding. The 2016-17 Proposed State Budget proposes an increase of more than \$1.2 billion in one-time Proposition 98 General Fund for school districts, charter schools and county offices of education to use at local discretion.
- Charter School Growth. The 2016-17 Proposed State Budget proposes an increase of \$61 million Proposition 98 General Fund to support projected charter school A.D.A. growth.
- Charter School Startup Grants. The 2016-17 Proposed State Budget proposes an increase of \$20 million one-time Proposition 98 General Fund to support operational startup costs for new charter schools in 2016 and 2017, which is expected to partially offset the loss of federal funding previously available for such purpose.
- Systems of Learning and Behavioral Supports. The 2016-17 Proposed State Budget proposes an increase of \$30 million one-time Proposition 98 General Fund resources to build upon the \$10 million investment included in the 2015-16 State Budget for an increased number of local educational agencies to provide academic and behavioral supports in a coordinated and systematic way.
- Special Education. The 2016-17 Proposed State Budget proposes a decrease of \$15.5 million Proposition 98 General Fund to reflect a projected decrease in Special Education A.D.A.
- Cost-of-Living Adjustment Increases. The 2016-17 Proposed State Budget proposes an increase of \$22.9 million Proposition 98 General Fund to support a 0.47% cost-of-living adjustment for categorical programs, including Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and the American Indian Early Childhood Education Program, which are not funded within the Local Control Funding Formula.
- Local Property Tax Adjustments. The 2016-17 Proposed State Budget proposes a decrease of \$149.4 million Proposition 98 General Fund for school districts and county offices of education in fiscal year 2015-16 as a result of higher offsetting property tax revenues. In addition, the Governor proposes a decrease of \$1.2 billion in Proposition 98 General Fund for school districts and county offices of education in fiscal year 2016-17 as a result of increased offsetting local property tax revenues due to, principally, the end of the “triple flip.”
- School District Average Daily Attendance. As a result of a decrease in projected ADA from the 2015-16 State Budget, the 2016-17 Proposed Budget proposes a decrease of \$150.1 million in 2015-16 for school districts and a decrease of \$34.1 million in fiscal year 2016-17 for school districts.
- Proposition 39. Proposition 39, the California Clean Energy Jobs Act of 2012, has provided increased corporate tax revenues in the State. For fiscal year 2013-14 through fiscal year 2017-18, Proposition 39 requires half of the increased revenues, up to \$550 million per year, to be used to support energy efficiency. The 2016-17 Proposed State Budget proposes to allocate \$365.4 million to support school district and charter school energy efficiency projects in fiscal year 2016-17.
- Proposition 47. Proposition 47 (2014) requires a portion of any State savings which have resulted from the State’s reduced penalties for certain non-serious and non-violent property and drug offenses, to be allocated to K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The 2016-17 Proposed State Budget proposes to allocate approximately \$7.3 million of such funds to, among other things, truancy reduction, dropout prevention and crime prevention efforts relating to K-12 students. The Governors expects to count such funds towards the Proposition 98 minimum guarantee.

The complete 2016-17 Proposed State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein

by such reference.

LAO Overview of 2016-17 Proposed State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2016-17 Proposed State Budget entitled "The 2016-17 Budget: Overview of the Governor's Budget" on January 11, 2016 (the "**2016-17 Proposed Budget Overview**"), in which the LAO commends the State for its emphasis on increasing its budget reserves. The LAO notes that such an approach is prudent, as a large reserve may be essential to weathering the next recession. Further, the LAO is generally supportive of the Governor's priorities and the 2016-17 Proposed State Budget's focus on infrastructure, which the LAO notes is aging and in need of renovation and improvements. Nevertheless, the LAO warns that budget vulnerability remains and that cautious budgetary decision making is necessary. For example, the LAO suggests the State begin with robust targets for fiscal year 2016-17 budget reserves and take a measured approach to spending in order to better position the State for any near-term economic downturn.

With respect to the Proposition 98 budget plan in the 2016-17 Proposed State Budget, the LAO believes the Governor's estimated local property tax revenue counting toward Proposition 98 is approximately \$1 billion less than its estimate for 2015-16 and 2016-17. If local property tax revenue comes in higher than the Governor's administration expects, Proposition 98 General Fund costs will be correspondingly lower. However, the LAO cautions that the proposed use of Proposition 98 funding in fiscal year 2016-17 may provide inadequate protection against economic downturn. Thus, the LAO advises against committing all available 2016-17 Proposition 98 funds to ongoing purposes, as a sustained economic slowdown could force the State to cut programs and potentially backpedal in its implementation of the Local Control Funding Formula.

The 2016-17 Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2016-17 Proposed State Budget. The Governor released his May Revision to the proposed fiscal year 2016-17 State budget (the "**2016-17 May Revision**") on May 13, 2016. The 2016-17 May Revision proposes a balanced budget for Fiscal Year 2016-17. The Governor proposes to use funds from Proposition 2 to pay down outstanding budgetary borrowing and to make contributions to the Rainy Day Fund. However, the Governor has reduced the amount proposed for such uses from the amounts proposed in the 2016-17 Proposed State Budget. The 2016-17 May Revision estimates that total resources available in fiscal year 2015-16 will be approximately \$120.4 billion (including a prior year balance of \$3.4 billion) and total expenditures in fiscal year 2015-16 will be approximately \$115.6 billion. The 2016-17 May Revision projects total resources available for fiscal year 2016-17 of \$124.9 billion, inclusive of revenues and transfers of \$120.8 billion and a prior year balance of \$4.8 billion. The 2016-17 May Revision projects total expenditures in fiscal year 2016-17 of \$122.2 billion, inclusive of non-Proposition 98 expenditures of \$71.1 billion and Proposition 98 expenditures of \$51.1 billion. The 2016-17 May Revision proposes to allocate \$966 million of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and \$1.8 billion of such fund balance to the State's Special Fund for Economic Uncertainties.

Despite budgetary improvements as compared to recent years, the 2016-17 May Revision acknowledges that there will continue to be year-to-year economic fluctuations, risks and cost pressures, including from the federal government and ballot initiatives. In addition, fiscal year 2015-16 will be the final year with full revenues relating to Proposition 30. The Governor has requested that the State avoid any significant, new and ongoing spending commitments until voters approve the extension of taxes imposed under Proposition 30. However, the State entered into considerable ongoing commitments since the adoption of Proposition 30. Absent corrective action, the Governor states that these ongoing commitments will cause the State to engage in deficit spending once Proposition 30 revenues terminate.

Certain workload adjustments and budgetary proposals for K-12 education set forth in the 2016-17 May Revision include the following:

- **Proposition 98 Minimum Guarantee.** The 2016-17 May Revision projects Proposition 98 funding of \$71.9 billion, inclusive of State and local funds, for fiscal year 2016-17. Such amount is expected to satisfy the Proposition 98 minimum guarantee.

- School District Local Control Funding Formula. The 2016-17 May Revision projects that the State will provide to local education agencies approximately \$2.9 billion to continue the implementation of the LCFF. The 2016-17 Proposed State Budget proposes to reduce the remaining funding gap between actual funding and the target level of funding. The Governor estimates that, if such funding level is approved, the LCFF will be approximately 95.7% implemented in fiscal year 2016-17.
- Early Education. The 2016-17 May Revision sets forth an implementation plan for the Governor's proposed \$1.6 billion early education block grant. The 2016-17 May Revision proposes a program pursuant to which school districts will administer early education programs and county offices of education will provide technical support. In addition, if implemented, the State would maintain current levels of funding for school districts as the transition to the block grant occurs.
- Emergency Repair Revolving Loan Program. The 2016-17 May Revision proposes to allocate \$100 million in one-time Proposition 98 General Fund to establish a bridge loan program to provide temporary funding to schools with insufficient resources to address imminent health and safety issues relating facility repair and replacement. The program, if implemented, will permit school districts to repay the loan in full within one year of disbursement without interest or structure the loan with a low-interest repayment plan not to exceed 20 years.
- Local Property Tax Adjustments – The 2016-17 May Revision proposes a decrease of \$196.5 million of Proposition 98 General Fund in fiscal year 2015-16 and \$211.3 in fiscal year 2016-17 for school districts, special education local plan areas, and county offices of education. The State projects higher local property tax revenues will offset such decrease.
- Special Education Property Tax Adjustment. The 2016-17 May Revision proposes an increase to the Proposition 98 General Fund, on a contingency basis, of an amount not to exceed \$28.5 million to address a projected shortfall in redevelopment agency property taxes for special education local plan areas. If approved, the State would distribute such amounts based on a determination of property taxes reported for special education local plan areas.
- Average Daily Attendance. The 2016-17 May Revision reflects an increase in A.D.A. in fiscal year 2014-15 and a decrease in A.D.A. in fiscal year 2015-16. Accordingly, the 2016-17 May Revision proposes an increase of \$11.2 million in fiscal year 2015-16 and a decrease of \$2 million in fiscal year 2016-17 for school districts, charter schools, and county offices of education under the LCFF.
- California Clean Energy Jobs Act of 2012. The 2016-17 May Revision proposes to allocate \$398.8 million to support energy efficiency projects and clean energy job development programs at K-12 schools throughout the State in fiscal year 2016-17.
- Categorical Program Growth. The 2016-17 May Revision proposes to decrease Proposition 98 General Fund by \$5.7 million, which amount will be reduced from selected categorical programs based on updated estimates of projected ADA growth.
- Cost of Living Adjustment. The 2016-17 May Revision proposes to decrease the Proposition 98 General Fund by \$18.6 million for selected categorical programs during fiscal year 2016-17. Such decrease reflects a reduction in the cost of living set forth in the 2016-17 Proposed State Budget of 0.47% to 0.00% in the May Revision.

The complete 2016-17 May Revision is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2016-17 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal.

Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2016-17 State budget from the 2016-17 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2016-17 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2016-17 State Budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund (“**ERAF**”) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State’s voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of 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 is intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. One effect of this amendment 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 (see “– Dissolution of Redevelopment Agencies” below). 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. The adopted State budget for fiscal 2011-12, as signed by the Governor of the State on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) (“**AB1X 26**”) and Assembly Bill No. 27 (First Extraordinary Session) (“**AB1X 27**”), 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. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the “**Court**”) challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 below take into account the modifications made by the Court in *Matosantos*. On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency will be transferred to the

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

AB1X 26 requires successor agencies to continue to make scheduled payments on and perform obligations required under “enforceable obligations” of their former redevelopment agencies. For this purpose, AB1X 26 defines “enforceable obligations” to include “bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency and “any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.” AB1X 26 specifies that only payments included on an “enforceable obligation payment schedule” adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a “recognized obligation payment schedule” the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, 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 AB1X 26. AB1X 26 generally requires each county auditor-controller on each January 2 and June 1 pursuant to AB 1484, as described below), 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 State 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.

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

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District’s ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State’s ability to fund schools during future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

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

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant (“**Base Grant**”) per unit of average daily attendance (“**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. The LCFF has an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. The LCFF 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. 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 50% 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 LCFF. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

Of the projected \$25 billion in new funding to be invested through the LCFF over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the LCFF, 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” (now, “**community funded districts**”), local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local education agencies. School districts, county offices of education and charter schools are required to develop,

implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

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

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

Attendance and Base Revenue Limit. The following table sets forth the District’s actual A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal years 2011-12 through 2012-13 for K-12. The A.D.A. and enrollment numbers reflected in the following table include special education, and exclude enrollment at any independent charter schools.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Average Daily Attendance, Enrollment and Base Revenue Limit
Fiscal Years 2011-12 and 2012-13**

Fiscal Year	Average Daily Attendance ⁽¹⁾	Enrollment ⁽²⁾	Base Revenue Limit	Per Unit of Average Daily Attendance
2011-12 ⁽³⁾	35,994.34	37,887.00	\$234,915,980.18	\$6,526.47
2012-13 ⁽⁴⁾	34,625.95	36,368.00	233,356,049.87	6,739.34

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

⁽²⁾ Reflects enrollment as of October report submitted to the California Basic Educational Data System (“CBEDS”) in each school year.

⁽³⁾ The District had a 79.398% base revenue limit deficit factor and a 2.25% cost of living adjustment in fiscal year 2011-12, which resulted in a funded base revenue limit per unit of A.D.A. of \$5,160.38.

⁽⁴⁾ The District had a 77.728% base revenue limit deficit factor and a 3.262% cost of living adjustment in fiscal year 2012-13, which resulted in a funded base revenue limit per unit of A.D.A. of \$5,216.62.

Source: Oakland Unified School District.

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Attendance and LCFF. The following table sets forth the District’s actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “**EL/LI Students**”), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14, 2014-15, 2015-16 and 2016-17. The A.D.A. and enrollment numbers reflected in the following table include special education, and exclude enrollment at any independent charter schools.

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Average Daily Attendance/Base Grant and Enrollment
Fiscal Years 2013-14 through 2016-17**

Fiscal Year		A.D.A./Base Grant				Enrollment ⁽⁵⁾		
		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated % of EL/LI Students
2013-14	A.D.A. ^{(2):}	13,454.66	8,489.47	4,790.35	8,412.72	35,147.20	36,869	77.59%
	Targeted Base Grant ^{(3):}	\$6,952	\$7,056	\$7,266	\$8,419	-	-	-
2014-15	A.D.A. ^{(2):}	13,589.22	8,342.90	4,793.11	8,649.59	35,374.82	37,106	78.07%
	Targeted Base Grant ^{(3):}	\$7,011	\$7,116	\$7,328	\$8,491	-	-	-
2015-16 ⁽¹⁾	A.D.A. ^{(2):}	13,589.22	8,342.90	4,793.11	8,649.59	35,374.82	37,106	78.07%
	Targeted Base Grant ^{(3) (4):}	\$7,083	\$7,189	\$7,403	\$8,578	-	-	-
2016-17 ⁽¹⁾	A.D.A. ^{(2):}							
	Targeted Base Grant ^{(3) (4):}							

(1) Figures are projections.

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

(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years 2013-14 and 2014-15.

(4) Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts. Targeted fiscal year 2015-16 Base Grant amounts reflect a ___% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts. Targeted fiscal year 2016-17 Base Grant amounts reflect a ___% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

(5) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Oakland Unified School District.

The District projects to receive approximately \$___ million in aggregate revenues reported under LCFF sources in fiscal year 2015-16, and budgeted to receive approximately \$___ million in aggregate revenues under the LCFF in fiscal year 2016-17 (or approximately ___% of its general fund revenues in fiscal year 2016-17). Such amount includes supplemental grants and concentration grants budgeted to be approximately \$___ million and \$___ million, respectively, in fiscal year 2015-16.

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

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Local Sources of Education Funding

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

Local property tax revenues accounted for approximately ___% of the District's aggregate revenues reported under LCFF sources in fiscal year 2015-16, and are projected to be \$___ million, or ___% of total general fund revenues in fiscal year 2016-17.

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

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately ___% (or approximately \$___ million) of the District's general fund projected revenues for fiscal year 2016-17.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately ___% (or approximately \$___ million) of the District's general fund projected revenues for fiscal year 2016-17. A significant portion of such other State revenues are amounts the District expects to receive 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. The District's State lottery revenue is projected at approximately \$___ for fiscal year 2016-17.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately ___% (or approximately \$___ million) of the District’s general fund budgeted revenues for fiscal year 2016-17.

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.

On November 4, 2014, voters in the District approved a parcel tax of \$120 per parcel for ten years, commencing July 1, 2015. The parcel tax is expected to generate approximately \$12 million annually. Proceeds from the parcel tax may be used (i) to increase support for high school students in college preparatory courses, (ii) to provide work-based learning in every high school, including career exploration, career technical education courses, job shadowing, internships and job certifications, (iii) to reduce the drop-out rate, and (iv) to provide programs to students transitioning to high school and college.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the “**Charter School Law**”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their funding directly from the State are not included in a school district’s financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would be included in the school district’s financial reports and audited financial statements.

There are currently ___ independent charter schools operating under charter from the District serving grades K through 12, with a combined enrollment of approximately _____ in fiscal year 2015-16. The District can make no representation as to whether enrollment at such charter schools may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's A.D.A. or finances in future years.

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 November 2014, the Controller released an audit report for the District for the fiscal year ended June 30, 2012 (the "**2012 Audit Report**"). The Controller expressed a "qualified opinion" on the District's financial statements for the fiscal year ended June 30, 2012 (the "**2012 Financial Statements**"), noting that the District did not present the financial statements for the associated student body funds, which generally accepted governmental accounting principles require as part of the fund financial statements. In the Controller's opinion, the 2012 Financial Statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year ending June 30, 2012. In addition, except for the possible effects of the District not presenting the financial statements for the associated student body funds, the 2012 Financial Statements present fairly, in all material respects, the financial position of the fiduciary fund of the District as of June 30, 2012, in accordance with accounting principles generally accepted in the United States of America. The Controller identified 24 findings in the 2012 Financial Statements, down from 44 findings in the 2011 Financial Statements. See "Other Audits; Audit Findings – 2011 Findings" below and "RISK FACTORS" in the front part of this Official Statement. The findings result in \$1.9 million in potential repayments due by the District to the State and Federal Governments. The District appealed \$1.8 million of findings to the Education Audit Appeals Panel (the "**EAAP**") and the California Department of Education (the "**CDE**") and is currently awaiting final decisions.

The District has retained Vavrinek, Trine, Day & Co., LLP, an independent auditor, to perform audits for fiscal years 2011-12 through 2014-15. The audit for fiscal year ended June 30, 2012 was delivered on November 1, 2014. The audit for fiscal year ended June 30, 2013 was delivered on July 20, 2015. The audit for fiscal year ended June 30, 2014 was delivered on January 15, 2016.

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 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

Summary of Audit Findings. Each audit prepared by the Controller since fiscal year 2002-03 has contained a number of findings and questioned costs. The District has resolved all findings from all audits through the fiscal year 2007-08 audit and the 2010-11 audit. The Controller's audits have typically concluded one to three years after the year being audited, and many of the Controller'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 Controller identified several million dollars of questioned costs and potential liabilities, the final liability paid since 2003 is approximately \$3 million. The findings that have not yet been resolved total approximately \$5.4 million, not including the findings related to the bonds. The District expects final resolution to be less than that amount and has approximately \$4 million set aside in reserves to cover the final amount.

The following table summarizes the audit completion dates, the number of findings and the final payment of audit liabilities by the District.

<u>Fiscal Year</u>	<u>Completion Date</u>	<u>Number of Findings</u>	<u>Final Audit Liability Paid by the District</u>
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, 2008	53	305,000
2006-07	October 20, 2009	41	429,286
2007-08	July 26, 2011	55	1,548,788
2008-09	N/A	N/A	N/A
2009-10	N/A	N/A	N/A
2010-11	May 17, 2013	44	_____
2011-12	November 10, 2014	24	_____
2012-13	July 20, 2015	_____	_____
2013-14	January 15, 2016	_____	_____
2014-15	_____	_____	_____
Total:			\$_____

Source: Oakland Unified School District.

2011 Findings. In May 2013, the Controller released an audit report for the District for the fiscal year ended June 30, 2011 (the “**2011 Audit Report**”). The Controller was unable to express, and did not express, an opinion on the District’s financial statements for the fiscal year ended June 30, 2011. The 2011 Audit Report by the Controller contained 44 findings. The District agreed with 36 of the 44 findings. Seven findings were submitted to the EAAP and are currently still pending, one finding was submitted to the CDE with the fiscal year 2011-12 findings for joint consideration and is also currently pending, and all other findings have been resolved or waived by either the ACOE or the CDE.

The 2011 Audit Report by the Controller contained two findings (amounting to approximately \$12,019,586 that alleged that 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 contended that it properly expended such funds and appealed such findings. With regards to funds transferred from the Building Fund to the General Fund and then to the Deferred Maintenance Fund, the District believed that such transfer of bond proceeds to the Deferred Maintenance Fund was appropriate because the bond proceeds were segregated and tracked to ensure that the bond proceeds were expended for the improvement of real property as deferred maintenance projects. The District assigned specific internal accounting codes to the State deferred maintenance grant and the funds transferred from bond proceeds to differentiate the funds from each other. With regards to the funds transferred from the Building Fund (“**Fund 21**”) to repay an interfund loan due to the Capital Facilities Fund (“**Fund 25**”), the District contended that such funds were not bond proceeds but rather redevelopment funds that Fund 25 had previously transferred to Fund 21 in prior fiscal years. The District maintains that it has retained all appropriate documentation regarding these transfers.

2012 Findings. The 2012 Audit Report by the Controller contained 24 findings, down from 44 findings in the 2011 Audit Report. One finding relates to the lack of associated student body account records, 12 findings relate to federal program compliance issues and 11 findings relate to State program compliance issues. The findings result in approximately \$1.9 million in potential repayments due by the District to State and federal governments (approximately \$511,400 for inadequate support for salaries and wages for federally funded positions; approximately \$1,250,000 for not retaining attendance records at various school sites; approximately \$1,200 for improperly reporting attendance at various school sites; approximately \$16,700 for independent study program requirement compliance deficiencies; approximately \$117,800 for class size reduction errors; and approximately \$1,000 for over reporting of eligible pupils). In addition to these findings, the 2012 Audit Report contained a number of findings with no financial implications. The District appealed \$1.8 million of findings to the EAAP and the CDE and is currently awaiting final decisions. The District cannot predict whether it will prevail in its appeal, or its resulting liability if its appeal is unsuccessful or only partially successful.

Further Information. Copies of the prior fiscal years' audits are available upon request from the District. See "ADDITIONAL INFORMATION" in the front portion of this Official Statement.

District Budget Process and County Review

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the 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's 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 governing 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 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, 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.

All of the District's interim budgets since fiscal year 2009-10 have been certified "qualified." The County Superintendent approved the District's initial adopted budgets for fiscal years 2009-10 through 2015-16. The District believes that the ongoing qualified certification of its interim budgets is due to uncertainty regarding the District's audits (as 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 following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2012-13 through 2016-17.

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OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Fiscal Years 2012-13 through 2016-17
General Fund Revenues, Expenditures and Fund Balances⁽¹⁾⁽²⁾

	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Budgeted	2016-17 Budgeted
REVENUE					
Revenue Limit/LCFF					
Sources	\$194,494,027	\$266,369,764			
Federal Revenue	52,471,720	47,630,290			
Other State Sources	116,094,633	53,628,476			
Other Local Sources	37,344,909	41,991,114			
Total Revenue ⁽³⁾ :	<u>\$400,405,289</u>	<u>\$409,619,644</u>			
EXPENDITURES					
Certificated Salaries	\$155,185,719	\$153,700,801			
Classified Salaries	59,760,371	66,035,708			
Employee Benefits	88,248,420	89,591,902			
Books and Supplies	17,978,066	25,076,461			
Services/Other Operating Expenditures	77,383,970	76,865,489			
Other Outgo	2,619,529	1,438,383			
Capital Outlay	347,180	710,171			
Debt Service	5,977,003	8,424,233			
Total Expenditures:	<u>\$407,500,258</u>	<u>\$419,443,148</u>			
Excess (Deficiency) of Revenues Over Expenditures	<u>\$(7,094,969)</u>	<u>\$(9,823,504)</u>			
OTHER FINANCING SOURCES (USES)					
Transfers In	\$537,196	\$2,574,570			
Transfers Out	(1,000,000)	(2,488,770)			
Net Financing Sources (Uses):	<u>\$(462,804)</u>	<u>\$85,800</u>			
NET CHANGE IN FUND BALANCE	<u>\$(7,557,773)</u>	<u>\$(9,737,704)</u>			
Fund Balance – Beginning	\$44,660,068	\$37,102,295			
Fund Balance – End	<u>\$37,102,295</u>	<u>\$27,364,591</u>			

⁽¹⁾ Totals may not add up due to rounding.

⁽²⁾ Audited financials are presented for fiscal year 2012-13 through 2014-15. Third interim budget is presented for fiscal year 2015-16 and adopted budget is presented for fiscal year 2016-17. See "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND OPERATING INFORMATION – Other Audits; Audit Findings."

⁽³⁾ Does not include on behalf payments of \$8,227,929 for fiscal year ended June 30, 2013 or for fiscal year ended June 30, 2014.

⁽³⁾ The beginning fund balance shown for fiscal year 2013-14 does not match the audited ending fund balance for fiscal year 2012-13 because of adjustments the District's auditors have made as they have completed the audits for fiscal year 2012-13.

Source: Oakland Unified School District Annual Financial Report for June 30, 2013, June 30, 2014 and June 30, 2015. Third Interim Report, dated as of _____, 2016, for fiscal year 2015-16. Original Adopted Budget, dated as of _____, 2016 for fiscal year 2016-17.

District Debt Structure

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 determined was needed to meet District obligations, including the District’s operating costs. The District drew down \$65,000,000 in 2003 (the “**2003 Draw**”) and drew down the remaining \$35,000,000 in 2007 (the “**2007 Draw**”). S.B. 39 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**”). A portion of the proceeds of the 2005 Emergency Apportionment Refunding Bonds were used to repay to the State’s general fund the then-outstanding amount of the 2003 Draw and convert the 2003 Draw into a lease-financing obligation of the District. The 2005 Emergency Apportionment Refunding Bonds were then refunded through the issuance of the Infrastructure Bank’s State School Fund Apportionment Lease Revenue Refunding Bonds, Series 2008 in April 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 2003 Draw. 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 2007 Draw has not been converted to a lease revenue bond and continues to be repaid directly to the State. The amount outstanding of the 2007 Draw is \$_____ as of June 30, 2016 and the annual payment is \$_____.

General Obligation Bonds. The District currently has 13 series of bonds outstanding, excluding each series of the Bonds but including the Prior Bonds (as further described under “THE BONDS – Plan of Refunding” in the front portion of this Official Statement), each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District.

On March 7, 2000, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$303,000,000 (the “**2000 Measure A Authorization**”). All of the bonds from the 2000 Measure A Authorization have been issued. The following table shows bonds issued under the 2000 Measure A Authorization and outstanding as of July 1, 2016:

Series Name	Issue Date	Initial Principal Amount	Outstanding Principal Amount
Series 2001	June 19, 2001	\$61,999,893.25	\$0
Series 2002	March 13, 2002	100,000,000.00	_____
Series 2005	August 31, 2005	141,000,000.00	_____
Total:		\$302,999,893.25	_____

On June 6, 2006, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$435,000,000 (the “**2006 Measure B Authorization**”). The following table shows bonds issued under the 2006 Measure B Authorization and outstanding as of July 1, 2016:

Series Name	Issue Date	Initial Principal Amount	Outstanding Principal Amount
Series 2006 ⁽¹⁾	November 28, 2006	\$130,000,000.00	\$ _____
Series 2009A ⁽¹⁾	August 12, 2009	87,885,000.00	_____
Series 2009B	August 12, 2009	70,795,000.00	_____
Series 2009C	August 12, 2009	26,320,000.00	_____
Series 2012A	March 21, 2012	31,040,000.00	_____
Series 2012B	March 21, 2012	23,960,000.00	_____
Total:		\$370,000,000.00	\$ _____

⁽¹⁾ All or a portion to be refunded with the District’s 2016 General Obligation Refunding Bonds.

On August 1, 2007, the District issued \$199,240,000 in general obligation refunding bonds, of which \$ _____ are outstanding as of July 1, 2016. The following table shows the principal amounts refunded:

Election Year	Series Name	Principal Amount Refunded
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
Total:		\$194,091,932.60

On November 6, 2012, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$475,000,000 (the “**2012 Measure J Authorization**”). The following table shows bonds issued under the 2012 Measure J Authorization and outstanding as of July 1, 2016:

Series Name	Issue Date	Initial Principal Amount	Outstanding Principal Amount
Series 2013	September 4, 2013	\$120,000,000.00	\$ _____
Series 2015A	August 20, 2015	173,500,000.00	_____
Series 2015B	August 20, 2015	6,500,000.00	_____
Total:		\$293,506,500.00	\$ _____

On August 20, 2015, the District issued \$168,705,000 in general obligation refunding bonds (the “**2015 General Obligation Refunding Bonds**”), of which \$ _____ are outstanding as of July 1, 2016. The following table shows the principal amounts refunded:

Election Year	Series Name	Principal Amount Refunded
2000	Series 2002	\$84,005,000.00
2000	Series 2005	104,075,000.00
Total:		\$188,080,000.00

Voter-approved bonds are payable from an *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. The District’s General Fund is not pledged to repayment of these bonds. See “– Combined Annual Debt Service” below for a description of principal and interest owed on all bonds outstanding.

The following table shows scheduled debt service obligations for all outstanding bonds of the District after the issuance of the Bonds:

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
Aggregate Debt Service Schedule⁽¹⁾

Fiscal Year Ending (June 30)	Election of 2000, Series 2002	Election of 2000, Series 2005	Election of 2006, Series 2006	2007 Refunding	Election of 2006, Series 2009A	Election of 2006, Series 2009B ⁽²⁾	Election of 2006, Series 2009C ⁽³⁾	Election of 2006, Series 2012A	Election of 2006, Series 2012B ⁽²⁾⁽³⁾	Election of 2012, Series 2013	Election of 2012, Series 2015A	Election of 2012, Series 2015B	2015 Refunding	Election of 2006, Series 2016A	Election of 2006, Series 2016B	2016 Refunding	Aggregate Debt Service Schedule ⁽²⁾⁽³⁾
2017																	
2018																	
2019																	
2020																	
2021																	
2022																	
2023																	
2024																	
2025																	
2026																	
2027																	
2028																	
2029																	
2030																	
2031																	
2032																	
2033																	
2034																	
2035																	
2036																	
2037																	
2038																	
2039																	
2040																	
2041																	
Total																	

⁽¹⁾ Prior to issuance of the Bonds.

⁽²⁾ Net of federal subsidies, as reduced.

⁽³⁾ Reflects Qualified School Construction Bonds sinking fund deposits by District rather than payments to bondholders.

Source: KNN Public Finance, LLC

Capital Financing Plan

The 2006 Measure B Authorization is 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 to be undertaken, 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 projects under the Facilities Master Plan comes from bond issues, including the Series 2016 Bonds, State facilities funding, and local funds. Prior to issuance of the Bonds, \$181,500,000 of the 2012 Measure J Authorization and \$65,000,000* of the 2006 Measure B Authorization remain of authorized, 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. The 2013/2014 Measure B Annual Report was submitted to the Board by the Committee, which advised that the District is in compliance with the California Constitution, with regards to the use of bond proceeds. Yano Accountancy Corporation, an independent firm hired to perform fiscal and performance audits on behalf of the Committee for fiscal year ending June 30, 2014 delivered an opinion fiscal year ending June 30, 2014, stating 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.

Other Post-Employment Benefits (OPEBs). The District does not have any post-employment benefit obligations.

Employment

As of _____, 2016, the District employed approximately _____ full-time equivalent (“**FTE**”) employees, including _____ FTE certificated (teaching) employees and _____ FTE classified (non-teaching) employees. For fiscal year 2015-16, the total certificated and classified payrolls for the general fund are projected to be approximately \$_____ million and \$_____ million, respectively. For fiscal year 2016-17, the total certificated and classified payrolls for the general fund are budgeted to be approximately \$_____ million and \$_____ million, respectively.

District employees are represented by employee bargaining units as follows:

Labor Organization	Number of FTE Employees	Contract Expiration
American Federation of State, County and Municipal Employees		
Building & Construction Trades Council of Alameda County		
Oakland Education Association		
Service Employees International Union		
Brotherhood of Teamsters		
United Administrators of Oakland Schools		
California School Employees Association		

Source: Oakland Unified School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and the State Public Employees’ Retirement System (“**CalPERS**”), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

* Preliminary, subject to change.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2013, an actuarial valuation (the “**2013 CalSTRS Actuarial Valuation**”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$74.4 billion, an increase of \$3.4 billion from the June 30, 2012 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2013, June 30, 2012 and June 30, 2011, based on the actuarial assumptions, were approximately 67%, 67% and 69%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2013 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” 7.50% investment rate of return, 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. The 2013 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See “– Governor’s Pension Reform” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The 2013 CalSTRS Actuarial Valuation noted that, as of June 30, 2013, the contribution rate, inclusive of contributions from the teachers, the school districts and the State, was equivalent to 19.497% over the next 30 years. The 2013 CalSTRS Actuarial Valuation provides that the contribution rate would need to have been raised by 13.382% to a total of 32.879% to amortize the unfunded liability over a 30-year period as of June 30, 2013.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implements a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate would increase by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions will also increase from 8.00% to a total of 10.25% of pay, phased in over the next three years. The State’s total contribution will also increase from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

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

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

Source: Assembly Bill 1469.

The District's total general fund employer contributions to CalSTRS for fiscal years 2012-13, 2013-14 and 2014-15 were \$12,402,057, \$12,749,778 and \$_____, respectively, and were equal to 100% of the required contributions for each year. The District projected employer contributions from its general fund to CalSTRS in the amount of approximately \$_____ for fiscal year 2015-16 and budgeted approximately \$_____ for fiscal year 2016-17. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

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

According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2012, the CalPERS Schools plan had a funded ratio of 75.5% on a market value of assets basis. The funded ratio as of June 30, 2011, June 30, 2010, June 30, 2009 and June 30, 2008 was 78.7%, 69.5%, 65.0% and 93.8%, respectively. According to the actuarial valuation as of June 30, 2012, the latest decline in the funded ratio was because the investment return experienced by CalPERS in fiscal year 2011-12 was less than the assumed 7.5%. In June 2009, the CalPERS Board of Administration adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses which were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under such methodology, certain investment losses are amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period.

In March of 2012, the CalPERS Board of Administration adopted new economic actuarial assumptions to be used with the June 30, 2011 actuarial valuation; in particular, lowering the price inflation assumption from 3.00% to 2.75%. Lowering the price inflation assumption resulted in a reduced discount rate, which is the fund's assumed rate of return calculated based on expected price inflation and the expected real rate of return, from 7.75% to 7.5%. According to CalPERS, this reduction in the discount rate is anticipated to increase State and school district employer contributions for each fiscal year beginning in fiscal year 2012-13 by 1.2% to 1.6% for miscellaneous plans (which includes general office and others) and by 2.2% to 2.4% for safety plans beginning in fiscal year 2012-13. In April of

2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS will employ a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015-16 for the State, schools and all public agencies, are expected to increase contribution rates in the near term but lower contribution rates in the long term.

In February of 2014, the CalPERS Board of Administration adopted new actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary.

The District's total general fund employer contributions to CalPERS for fiscal years 2012-13, 2013-14 and 2014-15 were \$7,412,661, \$8,042,397 and \$_____, respectively, and were equal to 100% of the required contributions for each year. The District projects employer contributions from its general fund to CalPERS in the amount of approximately \$_____ for fiscal year 2015-16 and budgeted approximately \$_____ for fiscal year 2016-17. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "--Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("**PEPRA**") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 10 to the District's financial statements attached hereto as APPENDIX B - "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans (“**Statement Number 67**”), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions (“**Statement Number 68**”), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities are currently typically included as notes to the government’s financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 will take effect in fiscal years beginning after June 15, 2013, and Statement Number 68 will take effect in fiscal years beginning after June 15, 2014.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District is permissibly self-insured for purposes of workers compensation coverage. The ultimate risk of such self-insurance is limited by the purchase of excess workers’ compensation coverage above a self-insured retention (“**SIR**”) level of \$500,000 per claim. Such coverage is procured from individual insurance carriers through the District’s broker of record for such purposes, Alliant Insurance Services.

Additionally, the District self-insures its risk of property and casualty loss through membership in the Northern California Regional Liability Excess Fund (the “**NCR**”), a joint powers authority comprised primarily of school districts in the greater Bay Area and administered by Keenan & Associates. The District has Member Retained Limits (“**MRLs**”), similar in function to a deductible or SIR, of \$250,000 for both property loss and liability coverage.

The District projects a total of \$2,415,597 for the cost of these coverages for fiscal year 2014-15 and has budgeted approximately \$2,715,872 for the cost of these coverages for fiscal year 2015-16.

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 2015-16, there were __ charter schools serving grades K-12 within the District with District-granted charters. In addition, there are six charters granted by the ACOE. Total District-granted charter school enrollment for 2015-16 was approximately _____.

Charter schools receive revenues from the State for each student enrolled, and thus may cause a reduction in revenues available for students enrolled in District schools for those students who would otherwise be 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.

The following table shows total charter school attendance for District granted charters for fiscal years 2011-12 through 2015-16 and projected charter school attendance for fiscal year 2016-17:

Fiscal Year	Number of Charter Schools	Total Charter School Attendance (P-2 ADA)
2011-12	30	8,766
2012-13	33	9,952
2013-14	32	10,184
2014-15	32	10,849
2015-16	37	11,392
2016-17 ⁽¹⁾	—	—

⁽¹⁾ Projected number of charter schools and attendance for fiscal year 2015-16 and 2016-17. Source: Oakland Unified School District.

**CONSTITUTIONAL AND STATUTORY PROVISIONS
AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

Limitations on Revenues

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

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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

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

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

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

The District’s budgeted appropriations from “proceeds of taxes” (sometimes referred to as the “Gann limit”) for the 2014-15 fiscal year were \$_____ and the allowable limit was \$_____. The estimated appropriations limit for the 2015-16 fiscal year is \$_____. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Article XIII C and Article XIII D of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to

other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

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

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

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111: (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase

the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

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

Proposition 30

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

The Proposition 30 tax increases are temporary and expire at the end of the 2016 and 2019 tax years. The District cannot predict the effect the loss of the revenues generated from such temporary tax increases will have on total State revenues and the effect on the Proposition 98 formula for funding schools.

Applications of Constitutional and Statutory Provisions

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 30, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

APPENDIX C

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

APPENDIX D

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F
COUNTY OF ALAMEDA
ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 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, New York, 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 maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

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

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

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

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

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

**OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)**

\$ _____
**Oakland Unified School District
General Obligation Bonds
(Election of 2006), Series 2016A**

\$ _____
**Oakland Unified School District
General Obligation Bonds
(Election of 2012), Series 2016B**

\$ _____
**Oakland Unified School District
2016 General Obligation Refunding Bonds**

BOND PURCHASE AGREEMENT

August __, 2016

Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607

Ladies and Gentlemen:

The undersigned, Siebert Brandford Shank & Co., L.L.C., as underwriter (the “Underwriter”), hereby offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the Oakland Unified School District (the “District”), which, upon your acceptance hereof, will be binding upon the District and the Underwriter.

By execution of this Purchase Agreement, the District acknowledges the terms hereof and recognizes that it will be bound by certain of the provisions hereof, and acknowledges and agrees to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to us at or prior to __ PM, California Time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the District at any time prior to the acceptance of this Purchase Agreement by the District. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Preliminary Official Statement (defined in Section 5 below).

1. **Purchase and Sale of the Bonds.**

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the District’s: (i) General Obligation Bonds (Election of 2006) Series 2016A in an aggregate principal amount of \$_____ (the “Series A Bonds”); (ii) General Obligation Bonds (Election of 2012) Series 2016B (the “Series B Bonds” and together with the Series A Bonds, the “New Money Bonds”); and (iii) 2016 General Obligation

Refunding Bonds in an aggregate principal amount of \$_____ (the “Refunding Bonds” and together with the New Money Bonds, the “Bonds”).

The Underwriter shall purchase the Series A Bonds at a price of \$_____, the Series B Bonds at a price of \$_____ and the Refunding Bonds at a price of \$_____. The underwriter’s discount on the Bonds is \$_____.

2. **The Bonds.**

A. The Bonds shall be dated their date of delivery and shall bear interest at the rates and mature on the dates and be subject to redemption prior to their maturity all as set forth in Exhibit A hereto.

B. The New Money Bonds are being issued and sold pursuant to the provisions of (i) the Constitution and the laws of the State of California (the “State”), (ii) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Government Code”) and other applicable provisions of law, including applicable provisions of the Education Code of the State (the “Education Code”), (iii) a Resolution of the District, adopted on _____, 2016 which authorizes the sale of not to exceed \$105,000,000 aggregate principal amount of the New Money Bonds and certain related documents and actions (the “District New Money Resolution”), and (iv) a Paying Agent Agreement relating to the Series A Bonds, and a Paying Agent Agreement relating to the Series B Bonds, each dated as of [August 1], 2016, and by and between the District and U.S. Bank National Association (the “Paying Agent”) and acknowledged by the Treasurer-Tax Collector of the County (the “New Money Paying Agent Agreements”).

C. The Refunding Bonds are being issued and sold pursuant to the provisions of (i) the Constitution and the laws of the State, (ii) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, applicable provisions of the Education Code and other applicable provisions of law (collectively with the provisions of law referenced in Section 2(B), the “Acts”) (iii) a Resolution of the District, adopted on _____, 2016 which authorizes the issuance of not to exceed \$200,000,000 aggregate principal amount of the Refunding Bonds and certain related documents and actions (the “Refunding Resolution”), and (iv) a Paying Agent Agreement relating to the Refunding Bonds, dated as of [August 1], 2016, by and between the District and the Paying Agent and acknowledged by the Treasurer-Tax Collector of the County (the “Refunding Paying Agent Agreement” and, together with the New Money Paying Agent Agreements, the “Paying Agent Agreements”).

D. The Series A Bonds are being issued for the purpose of financing projects authorized to be financed under Measure B. The Series B Bonds are being issued for the purpose of financing projects authorized to be financed by Measure J. The Refunding Bonds are being issued for the purpose of refunding certain of the District’s General Obligation Bonds, Election of 2006, Series 2006 (the “2006 Bonds”) and General Obligation Bonds, Election of 2006, Series 2009A (the “2009 Bonds” and together with the 2006 Bonds, the “Prior Bonds”).

E. The New Money Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement, the New Money Paying Agent Agreements, the applicable Acts and the New Money Resolution. The Refunding Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement, the Refunding Paying Agent Agreement, the applicable Acts and the Refunding Resolution. The Bonds shall be in definitive form, shall bear CUSIP numbers and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”).

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, the New Money Resolution and the Refunding Resolution (together, the “Resolutions”), the Paying Agent Agreements, this Purchase Agreement, the Preliminary Official Statement and Official Statement (as defined herein), in print and electronic form, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

4. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Exhibit A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Bonds.

5. **Review of Official Statement.**

A. The Underwriter hereby represents that it received the Official Statement in preliminary form with respect to the Bonds, dated _____, 2016 (the “Preliminary Official Statement”). The District hereby ratifies and consents to the distribution and use by the Underwriter on or before the date hereof, in connection with the public offering of the Bonds, of the Preliminary Official Statement, which Preliminary Official Statement as supplemented by the retail and institutional order period wires has been “deemed final” by the District for the purposes of Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (“Rule 15c2-12”) as of the date thereof, except for such omissions as permitted by SEC Rule 15c2-12, including the initial public offering prices, interest rates, yields, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, and other terms of the Bonds which depend upon the sale of the Bonds as provided in Rule 15c2-12.

B. The Underwriter agrees that prior to the time the final official statement (the “Official Statement”) relating to the Bonds is available, the Underwriter will make available to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) or electronic copy posted on an accessible website not later than the next business day following the date upon which each such request is received.

C. The Underwriter agrees to file the Official Statement with a nationally recognized municipal securities information repository within the meaning of Rule 15c2-12, which as of the date hereof, is the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. Delivery of the Official Statement by the District to the Underwriter shall constitute the District’s approval and authorization thereof for use in connection with the public offering and sale by the Underwriter of the Bonds.

D. References herein to the Preliminary Official Statement and the Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto, as the same may be amended or supplemented from time to time.

6. **Closing.**

A. At 8:00 a.m., California Time, on August __, 2016 (the “Closing Date”), or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto, the District will direct the Paying Agent to deliver to the account of the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds, duly executed and in fully registered, book-entry form, and will cause the other documents hereinafter mentioned pertaining to the Bonds to be delivered at the offices of Orrick, Herrington & Sutcliffe, LLP as bond counsel (“Bond Counsel”) in San Francisco, California or at such other place as shall have been mutually agreed upon by the parties hereto (the “Closing”).

B. Upon fulfillment of all conditions to Closing herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds [(by check, wire transfer or such other manner of payment as the Underwriter and the Treasurer-Tax Collector of the County shall reasonably agree upon) to the order of the County].

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

A. The District is a unified school district validly existing under the laws of the State, with the power to issue the Bonds pursuant to the Acts;

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement and the Paying Agent Agreements, to execute the Escrow Agreement, dated as of [August 1], 2016 (the “Escrow Agreement”), by and between the District and U.S. Bank National Association, as escrow agent (the “Escrow Agent”), and the Continuing Disclosure Certificate (as defined below), to adopt the Resolutions to issue and to deliver the Bonds, to perform its obligations under each such document or instrument (collectively, the “District Documents”), and to carry out and effectuate the transactions

contemplated by the District Documents; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in, the District Documents have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) the District Documents each constitute a valid and legally binding obligation of the District, enforceable against the District in accordance with its terms; and (v) the District has duly authorized the consummation by it of all transactions contemplated by the District Documents;

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; *provided, however*, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

D. To the knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of the District Documents and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of, or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

E. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds or the District Documents or contesting the powers of the District or its authority with respect to the Bonds or the District Documents; or (iii) in which a final adverse decision could (a) except as disclosed in the Preliminary Official Statement and the Official Statement, materially adversely affect the operations of the District or the consummation of the transactions contemplated by the District Documents, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest on the Bonds from State personal income taxation;

F. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued in the name of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement;

G. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon;

H. To assist the Underwriter in complying with Rule 15c2-12, the District will undertake, pursuant to the Resolutions and the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the Official Statement. Except as disclosed in the Preliminary Official Statement and the Official Statement, the District has not failed in the last five years to comply with any prior disclosure undertakings pursuant to Rule 15c2-12;

I. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same in such person's individual capacity, as to the statements made therein;

J. Preparation and distribution of the Preliminary Official Statement and Official Statement has been duly authorized by the District, and at the time of delivery of the Preliminary Official Statement and Official Statement (or in the case of any amendment to the Official Statement pursuant to Section 7(K) of this Purchase Agreement, at the time of the delivery of the Official Statement, as amended) to the Underwriter and at all times subsequent thereto up to and including the Closing Date, the information contained therein (excluding the statements and information in Appendix F – "COUNTY OF ALAMEDA ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT" and Appendix G – "BOOK-ENTRY ONLY SYSTEM," demographic information in Appendix A and any information provided in writing by the Underwriter specifically for inclusion in the Preliminary Official Statement and Official Statement under the heading "Underwriting") will be true and correct in all material respects and the Preliminary Official Statement, as of its date, did not and the Official Statement as of its date and as of the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

K. The District agrees that if at any time before the Closing any event occurs or information becomes known as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, then the District will promptly notify the Underwriter in writing of the circumstances and details of such event or information. If, as a result of such event or information, it is necessary, in the reasonable opinion of Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the

District (“Disclosure Counsel”), or the Underwriter, to amend or supplement the Official Statement so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and if either shall have so advised the District, the District and the County will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Underwriter and Disclosure Counsel, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

L. The unaudited financial statements of the District for the fiscal year ended June 30, 2015 (which are included as an appendix to the Official Statement) were prepared in accordance with generally accepted accounting principles consistently applied in the reporting format of the Standardized Account Code Structure for California school districts, and fairly present the financial position and results of operation of the District for the period and at the date set forth therein, and there has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise disclosed in the Official Statement;

M. Each of the Resolutions has been duly adopted, has not been modified, repealed or rescinded in any respect, and is in full force and effect;

N. The District hereby agrees to promptly notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the Closing; and

O. To assist the Underwriter in complying with Rule 15c2-12 and for the benefit of the holders and beneficial owners of the Bonds, the District will undertake to provide annual reports and notices of certain events pursuant to the Continuing Disclosure Certificate by the District dated the Closing Date (the “Continuing Disclosure Certificate”).

8. **Covenants of the District.** The District covenants and agrees with the Underwriter that:

A. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

B. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the earlier of (i) the third (3rd) business day preceding the Closing Date or (ii) the seventh (7th) business day following the date this Purchase Agreement is signed, an electronic copy of the Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District, with printed copies to follow as soon as practicable and in any event no later than the business day preceding the Closing Date in such reasonable quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board;

C. If at any time prior to the expiration of 25 days following the “end of the underwriting period,” any event or information becomes known to the District relating to or affecting the District, the County or the Bonds which might cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the District will promptly notify the Underwriter in writing of the circumstances and details of such event or information. If, as a result of such event or information, it is necessary, in the reasonable opinion of Disclosure Counsel or the Underwriter, to amend or supplement the Official Statement so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and if either shall have so advised the District, the District will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Underwriter, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The “end of the underwriting period” means the Closing Date unless the Underwriter advises the District in writing on such Closing Date that, as of such date, there remains an unsold balance of the Bonds, in which case the “end of the underwriting period” means the date as of which the Underwriter notifies the District that the Underwriter no longer retains an unsold balance of the Bonds for sale to the public; however, in no event shall the “end of the underwriting period” extend beyond the date sixty (60) days from the Closing Date; and

D. The District acknowledges and agrees that: (i) the primary role of the Underwriter, as underwriter, is to purchase securities for resale to investors and that the Underwriter has financial and other interests that differ from those of the District; (ii) the purchase and sale of Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter; (iii) the Underwriter is not acting as a fiduciary or as a “municipal advisor,” within the meaning of Section 15B of the Securities Exchange Act of 1934, or as a financial advisor or fiduciary, to the District and the Underwriter has not assumed any advisory or fiduciary responsibility to

the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading hereto; (iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; and (v) the District has consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent they deem appropriate. If the District would like a municipal advisor in this transaction that has legal fiduciary duties to the District, then the District is free to engage a municipal advisor to serve in that capacity.

9. **Representations, Warranties and Agreements of the Underwriter.** The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date:

A. The Underwriter is duly authorized to execute this Purchase Agreement;

B. The Underwriter is duly authorized to take any action under this Purchase Agreement required to be taken by the Underwriter;

C. The Underwriter is in compliance with Municipal Securities Rulemaking Board Rule G-37 with respect to the District and are not prohibited from acting as underwriter for the Bonds;

D. The Underwriter does not have, or has not had, a financial advisory relationship (as the term is defined in California Government Code section 53590(c)) with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or had any such financial advisory relationship; and

E. The Underwriter has reasonably determined that the District's undertaking pursuant to the Continuing Disclosure Certificate to provide continuing disclosure with respect to the Bonds is sufficient to effect compliance with Rule 15c2-12.

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement are and shall be subject, at the option of the Underwriter, to the following further conditions at the Closing:

A. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

B. At the time of the Closing, (i) the District Documents shall be in full force and effect and the Resolutions and the Official Statement shall not have been amended,

modified or supplemented except as may have been agreed to in writing by the parties hereto; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (iii) the District shall have adopted, and there shall be in full force and effect such additional resolutions, agreements, opinions and certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax exempt character of the interest on the Bonds), which resolutions, agreements, opinions and certificates shall be satisfactory in form and substance to Bond Counsel to the District and to the Underwriter, and there shall have been taken in connection therewith and in connection with the execution and delivery of the Bonds all such actions as shall, in the reasonable opinion of each, be necessary in connection with the transactions contemplated hereby; (iv) all actions under the Resolutions which, in the opinion of Bond Counsel to the District, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (v) the Bonds shall have been duly authorized, executed and delivered, and (vi) the District shall perform or have performed all of their respective obligations required under or specified in the District Documents to be performed at or prior to the Closing;

C. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, be pending (in which service of process has been completed against the District) or threatened which has any of the effects described in Section 7(E) or 8(E) hereof or contests in any way the completeness or accuracy of the Official Statement;

D. Between the date hereof and the Closing:

(1) In the reasonable opinion and discretion of the Underwriter exercised in good faith, none of the following events shall have had a material adverse effect on the marketability or market price of the Bonds or the ability to enforce contracts for the sale of any portion of the bonds at the contemplated offering prices by the Underwriter of the Bonds:

(i) Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Securities;

(ii) There shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(iii) Legislation shall have been introduced in or adopted by either House of the Congress of the United States or recommended to the Congress or otherwise endorsed for passage by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is formally proposed for consideration by either such committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States the effect of which would eliminate the exclusion of interest on the Bonds from gross income for federal income tax purposes, or legislation shall have been enacted by the State of California which renders interest on the Bonds not exempt from State of California personal income taxes;

(iv) Legislation shall have been enacted, or a decision of a court of the United States shall have been rendered or any action shall have been taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Resolutions or the Paying Agent Agreement to be qualified under the Trust Indenture Act of 1939, as amended;

(v) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose and there shall be in effect, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters;

(vi) The withdrawal or downgrading, or any notice shall have been given of any intended or potential downgrading, of any rating of the District's outstanding indebtedness by a national rating agency;

(vii) The occurrence of any material adverse change in the financial condition or results of operations of the District; or

(viii) An outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war occurs; or the occurrence of any other calamity or crisis or any change in the financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in this

clause (viii), in the judgment of the Underwriter, makes it impracticable or inadvisable to proceed with the offering or the delivery of the Bonds on the terms and in the manner contemplated in the Preliminary Official Statement or the Official Statement;

(2) There shall not have occurred and be continuing the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(3) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall not have occurred;

(4) Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall not have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(5) A decision by a court of the United States shall not have been rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

E. At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case dated as of the Closing Date, unless otherwise specified herein, and satisfactory in form and substance to the Underwriter:

(1) The approving opinion of Bond Counsel, addressed to the District, substantially in the form attached to the Preliminary Official Statement;

(2) A reliance letter from Bond Counsel, addressed to the Underwriter, to the effect that the Underwriter may rely upon the approving opinion of Bond Counsel described in Section 10(E)(1) above;

(3) A supplemental opinion of Bond Counsel in a form acceptable to the Underwriter, addressed to the Underwriter, substantially to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, if any, constitute valid and binding obligations of the District;

(ii) the statements contained in the Official Statement in the sections entitled: “THE BONDS”; “TAX MATTERS”; and “APPENDIX D – PROPOSED FORMS OF OPINIONS OF BOND COUNSEL,” (excluding any material that may be treated as included under such captions by cross-reference), insofar as such statements expressly summarize certain provisions of the Resolutions and the Paying Agent Agreements and the form and content of the opinion of Bond Counsel, are accurate in all material respects;

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Paying Agent Agreements are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) that Disclosure Counsel has no reason to believe that the Official Statement (except for any financial, statistical and demographic information, information relating to The Depository Trust Company, New York, New York and its book-entry system contained in the Official Statement and in Appendices A, C, E, F and G, as to all of which no opinion is expressed) as of their dates and as of the date hereof contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(4) A certificate signed by an appropriate official of the District to the effect that (i) the official(s) signing this Purchase Agreement, the Paying Agent Agreements, the Official Statement, the Escrow Agreement and the Continuing Disclosure Certificate on behalf of the District is authorized to do so, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Documents to be complied with by the District prior to or concurrently with the Closing and the District Documents are in full force and effect, (iv) no litigation is pending (with service of process having been accomplished) or, to the District’s knowledge, threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Official Statement, the Continuing Disclosure Certificate, the Paying Agent Agreements, the Escrow Agreement or this Purchase Agreement, or (C) in any way contesting the existence or powers of the District; (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (vi) each of the conditions listed in Section 10 of this Purchase Agreement required to be satisfied by the District has been satisfied on the date thereof and the District is not aware of any other condition of this Purchase Agreement that has not been satisfied on the date

thereof, and (vii) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions, the Paying Agent Agreements, the Official Statement and this Purchase Agreement;

(5) The Continuing Disclosure Certificate, signed by an appropriate official of the District and in form and substance reasonably satisfactory to the Underwriter;

(6) The Paying Agent Agreements, dated as of [August 1], 2016, signed by the District and the Paying Agent;

(7) The Escrow Agreement, dated as of [August 1], 2016, signed by the District and the Escrow Agent;

(8) A certificate of U.S. Bank National Association as the Paying Agent and Escrow Agent, signed by a duly authorized officer thereof, in form and substance satisfactory to the Underwriter, to the effect that (i) it is duly organized and existing under and by virtue of the laws of the United States of America, having the full power and qualified to enter into and perform its duties under the Paying Agent Agreements and the Escrow Agreement, (ii) the execution and delivery of the Paying Agent Agreements and the Escrow Agreement and compliance therewith, will not conflict with or constitute a breach by it of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or is otherwise subject; and (iii) it has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against it, affecting its existence, the titles of its officers to their respective offices, or contesting or affecting the validity or enforceability of the Paying Agent Agreements or the Escrow Agreement, or contesting its power or authority to enter into, adopt or perform its obligations under the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Paying Agent Agreements or the Escrow Agreement;

(9) A tax certificate of the District relating to the use of proceeds of the Bonds in form satisfactory to Bond Counsel and the Underwriter;

(10) The opinion of General Counsel to the District ("District Counsel") addressed to the District and the Underwriter, to the effect that:

(i) the District is a unified school district validly existing under the Constitution and the laws of the State;

(ii) the Resolutions approving and authorizing the execution, sale and delivery of this Purchase Agreement and the issuance of the

Bonds were duly adopted at a meeting of the Board of the District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, and the Resolutions have not been modified, amended, rescinded or revoked and is in full force and effect on the date thereof;

(iii) the District has the full right and lawful authority to enter into and perform its duties and obligations under the District Documents and to authorize the sale of the Bonds;

(iv) to the knowledge of District Counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public authority or body, pending or threatened against the District in which service of process has been completed: (a) affecting the existence of the District or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution, delivery or performance of this Purchase Agreement or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds or the District Documents; (c) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under the District Documents; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds, or the application thereof to such payment;

(v) the Official Statement has been duly approved by the District; and

(vi) this Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, this Purchase Agreement constitutes the legal, valid and binding obligations of the District enforceable against the District in accordance with its terms;

(11) The opinion of Curls Bartling P.C., counsel for the Underwriter, addressed to the Underwriter, satisfactory in form and substance to the Underwriter;

(12) A certificate, together with fully executed copies of the Resolutions, of the Secretary of the Board of Education to the effect that:

(i) such copies are true and correct copies of such Resolutions; and

(ii) that the Resolutions were duly adopted and have not been modified, amended, rescinded or revoked and are in full force and effect on the Closing Date;

(13) A certificate of the appropriate official of the District evidencing the District's determination that the Preliminary Official Statement is "deemed final," in accordance with Rule 15c2-12;

(14) A verification report of Causey Demgen & Moore P.C., as verification agent, addressed to the Underwriter, in form and substance acceptable to Bond Counsel and Underwriter's Counsel;

(15) [Executed copies of the bond insurance commitment letters relating to the Refunding Bonds]; and

(16) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the County, the District and the Paying Agent (and its agent, if applicable) with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) the due performance or satisfaction by the District and the Paying Agent (and its agent, if applicable) at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by them.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or electronic communication, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

11. **Indemnification.**

(A) The District agrees to indemnify and hold harmless the Underwriter, and each person, if any, who controls (within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended) the Underwriter, and their directors, officers, agents and employees, against any and all losses, claims, damages, liabilities and expenses to which the Underwriter may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) ("Claim"), arise out of or are based upon (i) a claim in connection with the public offering of the Bonds to the effect that the Bonds or any related security are required to be registered under the Securities Act of 1933, as amended, or any indenture is required to be qualified under the Trust Indenture Act, or (ii) any statement or information in the Preliminary Official Statement or in the Official Statement that is or is alleged to be untrue or incorrect in any material respect, or any omission or alleged omission of any statement or information in the Preliminary Official Statement or the Official Statement which is necessary in order to make the statements therein not misleading. The foregoing indemnity agreement shall be in addition to any liability that the District otherwise may have.

(B) In case any claim shall be made or action brought against the Underwriter for which indemnity may be sought against the District, as provided above, the Underwriter shall promptly notify the District in writing setting forth the particulars of such claim or action; but the omission to so notify the District (i) shall not relieve it from liability under paragraph (A) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the District of substantial rights and defenses and (ii) shall not relieve it from any liability which it may have to the Underwriter otherwise than under paragraph (A) above. The District shall assume the defense thereof, including the retention of counsel acceptable to the Underwriter and the payment of all expenses and shall have the right to negotiate and consent to settlement. The Underwriter shall have the right to retain separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of the Underwriter unless the employment of such counsel has been specifically authorized by the District or the District shall not have employed counsel reasonably acceptable to the Underwriter to have charge of the defense of such action or proceeding or the Underwriter shall have reasonably concluded that there may be defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to direct the defense of such action or proceeding on behalf of the Underwriter), in any of which events, such legal or other expenses shall be borne by the indemnifying party. No party shall be liable for any settlement of any action effected without its consent, but if settled with the consent of the District or if there is a final judgment for the plaintiff in any action with or without written consent of the District, the District agrees to indemnify and hold harmless the indemnified parties to the extent of the indemnities set forth above from and against any loss or liability by reason of such settlement or judgment. Any such settlement must include an unconditional release of the Underwriter from all liability arising out of such action.

12. **Expenses.**

A. **Costs of Issuance.** The Underwriter has agreed to pay, or cause to be paid, the costs of issuance of the Bonds, which may include any of the following: (i) the cost of the preparation, printing or other reproduction for distribution prior to, on or after the date of acceptance of this Purchase Agreement, the Preliminary Official Statement and the Official Statement, or any supplement or amendment thereto, in reasonable quantities for distribution; (ii) the cost of preparation, transportation, delivery and signing of the definitive bonds; (iii) the fees and expenses of the personnel and staff of the District designated to cooperate in the execution, delivery and sale of the Bonds; (iv) the fees and expenses of Bond Counsel, Disclosure Counsel and any paying agents; and (v) the fees and expenses of its financial advisor, up to a total aggregate amount of \$_____. The District shall pay all such expenses and any other expenses incident to the performance of its obligations hereunder in excess of such amount.

B. **Underwriter's Expenses.** The Underwriter shall pay all its expenses incurred in connection with the offering and distribution of the Bonds, including advertising expenses, expenses to qualify the Bonds for sale in various states chosen by the Underwriter, the cost of preparing or printing any "Blue Sky" or legal investment memoranda to be used in connection with such sale, any fees to be paid to the California Debt and Investment Advisory Commission, CUSIP Service Bureau fees, the fees and

expenses of its counsel and such other expenses reasonably incurred by the Underwriter in connection with this Purchase Agreement as the Underwriter and the District may reasonably agree; provided, however, that the District shall reimburse the Underwriter for all of the foregoing expenses.

13. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Senior Business Officer, Oakland Unified School District, 1000 Broadway, Suite 680, Oakland, California 94607, or if to the Underwriter, to the Senior Managing Director, Siebert Brandford Shank & Co., L.L.C., Lake Merritt Plaza, 1999 Harrison Street, Suite 2720, Oakland, California 94612.

14. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

15. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter with respect to the Bonds. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Agreement shall survive, unless waived by the Underwriter, regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder and (c) any termination of this Purchase Agreement.

16. **Execution in Counterparts.** This Purchase Agreement may be executed by facsimile transmission and in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

17. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State applicable to contracts made and performed in such State.

[Remainder of Page Intentionally Left Blank.]

Very truly yours,
SIEBERT BRANDFORD SHANK & CO., L.L.C.,
as Underwriter

By: _____
Gary Hall, Senior Managing Director

The foregoing is hereby agreed to
and accepted as of the date first
above written:

OAKLAND UNIFIED SCHOOL DISTRICT

By: _____
Vernon Hal, Senior Business Officer

[Signature page to OUSD 2016 GO Bond Purchase Agreement]

**EXHIBIT A
MATURITY SCHEDULES**

**\$ _____
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
(Election of 2006)
Series 2016**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Public Offering Yield</u>
---------------------------------	------------------------------------	---------------------------------	---

\$ _____
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
(Election of 2012)
Series 2016B

<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial Public</u> <u>Offering Yield</u>
--	---	--	--

\$ _____
OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
2016 General Obligation Refunding Bonds

<u>Maturity</u> <u>Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial Public</u> <u>Offering Yield</u>
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TERMS OF REDEMPTION

Series A Bonds

Optional Redemption.

Mandatory Sinking Fund Redemption.

Series B Bonds

Optional Redemption.

Mandatory Sinking Fund Redemption.

Refunding Bonds

Optional Redemption.