SEPARATE COVER ITEM 14.1.2

COUNTY RESOLUTION
WITH ATTACHMENTS

MEETING: FEBRUARY 10, 2009

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS OF SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3 OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $14,000,000, PRESCRIBING THE TERMS OF SALE OF THE BONDS, APPROVING THE FORM OF AND AUTHORIZING DISTRIBUTION OF AN OFFICIAL NOTICE OF SALE AND A NOTICE OF INTENTION TO SELL BONDS, APPROVING THE FORM OF AND AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT, DELEGATING TO THE TREASURER-TAX COLLECTOR AUTHORIZATION TO AWARD THE BID OR ENTER INTO SAID BOND PURCHASE CONTRACT FOR THE BONDS, AND AUTHORIZING EXECUTION OF NECESSARY CERTIFICATES

WHEREAS, the Board of Trustees (the "Board of Trustees") of the Tracy Joint Unified School District, located in the counties of San Joaquin and Alameda, California (the "District"), has formed School Facilities Improvement District No. 3 of the Tracy Joint Unified School District (the "SFID"), located wholly within in the County of San Joaquin (the "County"), pursuant to Resolution No. 07-23 of the Board of Trustees, adopted on April 8, 2008, as amended by Resolution No. 07-39 of the Board of Trustees, adopted on June 24, 2008; and

WHEREAS, the Board of Trustees duly called an election, and such election was regularly held, on behalf of the SFID, on November 4, 2008, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the SFID:

> *"To renovate and modernize the community's oldest elementary and middle schools, upgrade classrooms, replace aging roofs, old heating, electrical, plumbing, cooling and ventilation systems with energy efficient systems, and improve security and technology systems at all schools, increasing student access to computers, shall School Facilities Improvement District No. 3 of the Tracy Joint Unified School District be authorized to issue $43,100,000 in bonds, at legal interest rates, with all expenditures monitored by an Independent Citizens' Oversight Committee?"*

WHEREAS, at least 55% of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, none of the authorized bonds have heretofore been issued and sold; and

WHEREAS, the Superintendent of Schools of the County is the county superintendent of schools with jurisdiction over the District; and

WHEREAS, pursuant to California Education Code (the "Education Code") Section 15350 *et seq.*, Education Code Section 15264 *et seq.* and Education Code Section 15140 *et seq.*, the Board of Trustees of the District has requested this Board of Supervisors of the County to authorize and consummate the sale and issuance of a portion of said bonds in a single series designated the "Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009" in an aggregate principal amount not exceeding $14,000,000, according to the terms and in the manner set forth in a resolution duly adopted by the Board of Trustees of the District on February 10, 2009, a certified copy of which has been filed with the Clerk of this Board of Supervisors; and

WHEREAS, the Board of Trustees of the District has further deemed it necessary and desirable that this Board of Supervisors authorize the sale of said bonds by a competitive sale to the responsible bidder who makes the lowest interest cost bid; and

WHEREAS, a form of the Notice of Intention to Sell Bonds to be published in connection with the public offering and sale of said bonds has been prepared (such Notice of Intention to Sell, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Notice of Intention to Sell Bonds"); and

WHEREAS, a form of the Official Notice of Sale to be distributed in connection with the public offering and sale of said bonds has been prepared (such Official Notice of Sale, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Official Notice of Sale"); and

WHEREAS, a form of the Certificate of Award to be completed upon the sale of said bonds, in which the terms of said bonds shall be finally determined and said bonds shall be awarded to the responsible bidder who makes the lowest interest cost bid has been prepared (such Certificate of Award, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Certificate of Award"); and

WHEREAS, the Board of Trustees of the District has authorized sale of said Bonds by negotiated sale if market conditions are not favorable to a competitive sale; and

WHEREAS, a form of the Bond Purchase Contract to be entered into for the sale of said bonds by negotiated sale has been prepared (such Bond Purchase Contract, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Bond Purchase Contract"); and

WHEREAS, this Board of Supervisors has determined that it is necessary and desirable that bonds of said authorized issue be issued and sold for the purposes for which authorized and on the terms and conditions and in the manner set forth in said resolution of the Board of Trustees of the District; and

WHEREAS, said bonds will be issued by this Board of Supervisors on behalf of the District, payable from *ad valorem* taxes to be levied on all taxable property in the SFID, as herein provided; and

WHEREAS, the Board of Supervisors of the County has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Supervisors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN JOAQUIN AS FOLLOWS:

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

Section 2. **Definitions.** Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Board of Trustees" means the Board of Trustees of the District.

"Board of Supervisors" means the Board of Supervisors of the County.

"Bond Purchase Contract" means the Bond Purchase Contract relating to the sale of the Series 2009 Bonds by negotiated sale to the Underwriter executed by the County, the District and the Underwriter in accordance with the provisions hereof.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2009 Bonds.

"Certificate of Award" means the certificate of award to be completed upon the sale of the Series 2009 Bonds, in which the terms of the Series 2009 Bonds shall be finally determined and the Series 2009 Bonds shall be awarded to the responsible bidder who makes the lowest interest cost bid.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2009 Bonds.

"County" means the County of San Joaquin.

"County Resolution" means this Resolution of the Board of Supervisors.

"District" means the Tracy Joint Unified School District.

"District Resolution" means the Resolution of the District adopted on February 10, 2009.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Series 2009 Bonds, including any such successor thereto appointed pursuant to Section 10 hereof.

"Financial Advisor" means KNN Public Finance, Oakland, California.

"Official Notice of Sale" means the Official Notice of Sale relating to the sale of the Series 2009 Bonds executed by the County and the District in accordance with the provisions hereof.

"Interest Payment Date" means (unless otherwise specified in the Official Notice of Sale) February 1 and August 1 of each year, commencing on February 1, 2010, or such other dates as may be set forth in the Official Notice of Sale or the Bond Purchase Contract, as applicable.

"Official Statement" means the Official Statement of the District relating to the Series 2009 Bonds.

"Owner" means, with respect to any Series 2009 Bond, the person whose name appears on the Registration Books as the registered Owner thereof.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., in Los Angeles, California, or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent and paying agent for the Series 2009 Bonds in accordance with Section 9 hereof.

"Record Date" means, with respect to any Interest Payment Date for the Series 2009 Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a business day.

"Registration Books" means the books for the registration and transfer of the Series 2009 Bonds maintained by the Paying Agent in accordance with Section 9(c) hereof.

"Series 2009 Bonds" means the "Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009."

"SFID" means the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate, executed by the District, dated the date of issuance of the Series 2009 Bonds.

"Treasurer" means the Treasurer-Tax Collector of the County or any authorized deputy thereof.

"Underwriter" shall have the meaning ascribed thereto in Section 13(d) hereof.

Section 3. **District Resolution Received.** This Board of Supervisors hereby acknowledges receipt of the District Resolution.

Section 4. **Authorization and Designation of Bonds.** Declaring Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code operative in the County for purposes of the SFID and the bonds thereof, this Board of Supervisors, pursuant to Education Code Section 15350 *et seq.*, Education Code Section 15264 *et seq.* and Education Code Section 15140 *et seq.*, hereby authorizes, on behalf of the District, the sale of not to exceed $14,000,000 aggregate principal amount of bonds of the SFID by competitive sale to the responsible bidder who makes the lowest interest cost bid (subject to Section 13(d) hereof), and designates said bonds to be issued and sold as the "Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009" (the "Series 2009 Bonds" or the "Bonds"). The Series 2009 Bonds shall be issued as current interest bonds, as provided in Section 6 hereof.

The Series 2009 Bonds shall be issued and sold as provided herein, and any necessary or desirable terms as are not finally determined herein shall be fixed upon the sale of the Bonds by the Treasurer as recited in the Certificate of Award described in Section 13(c) hereof or the Bond Purchase Contract described in Section 13(d) hereof, as applicable.

Section 5. **Form of Bonds; Execution.** (a) Book-Entry. The Depository Trust Company, New York, New York, is hereby appointed depository for the Series 2009 Bonds. The Series 2009 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, and registered ownership of the Series 2009 Bonds may not thereafter be transferred except as provided in Section 10 hereof. One bond certificate shall be issued for each maturity of the Series 2009 Bonds; provided that if different CUSIP numbers are assigned to Bonds maturing in a single year, additional Bond certificates shall be prepared for each such maturity.

(b) Form of Certificates. The Series 2009 Bonds shall be issued in fully registered form without coupons. The Series 2009 Bonds and the Paying Agent's certificate of authentication and registration and the form of assignment to appear on each of them, 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 Resolution; provided, that if a portion of the text of any Series 2009 Bond is printed on the reverse of the Series 2009 Bond, the following legend shall be printed on the face of such Series 2009 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."

(c) Execution of Bonds. The Series 2009 Bonds shall be signed by the manual or facsimile signatures of the Chair of this Board of Supervisors and of the Treasurer, and countersigned by the manual or facsimile signature of the Clerk of this Board of Supervisors or by a deputy of either of said Clerk or of the Treasurer. The Series 2009 Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

(d) Valid Authentication. Only such of the Series 2009 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (b), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Series 2009 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(e) Identifying Number. The Paying Agent shall assign each Series 2009 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

Section 6. **Terms of Bonds.** (a) Date of Bonds. The Series 2009 Bonds shall be dated the date of their delivery, or such other date as shall be specified in the Certificate of Award or the Bond Purchase Contract, as applicable.

(b) Denominations. The Series 2009 Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Series 2009 Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be specified in the Certificate of Award or the Bond Purchase Contract, as applicable. No Series 2009 Bond shall mature prior to August 1, 2010, and no Series 2009 Bond shall mature later than the date which is 25 years from the date of the Bonds, to be determined as provided in subsection (a) of this Section. No Series 2009 Bond shall have principal maturing on more than one principal maturity date.

(d) Interest. The Series 2009 Bonds shall bear interest at an interest rate not to exceed ~~8.0% per annum~~**the maximum rate permitted by law**, payable on February 1 and August 1 in each year, commencing February 1, 2010 (or on such other initial and semiannual Interest Payment Dates as shall be specified in the Certificate of Award or the Bond Purchase Contract, as applicable, computed on the basis of a 360-day year of twelve (12) 30-day months. Each Series 2009 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated as of a day during the period after the Record Date immediately preceding any Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its date; provided, that if, at the time of authentication of any Series 2009 Bond, interest is in default on any outstanding Series 2009 Bonds, such Series 2009 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2009 Bonds.

Section 7. **Payment.** (a) Principal. The principal of the Series 2009 Bonds shall be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent (as described in Section 9(c) hereof) as the registered Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(b) Interest; Record Date. The interest on the Series 2009 Bonds shall be payable in lawful money of the United States of America to the Owner thereof as of the close of business on the Record Date, whether or not such day is a business day, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next 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 the bond registration books described in Section 9(c) or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made in immediately available funds (e.g., by wire transfer) to any Owner of at least $1,000,000 of outstanding Series 2009 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date. So long as Cede & Co. or its registered assigns shall be the Owner of the Series 2009 Bonds, payment shall be made in immediately available funds as provided in Section 10(d) hereof.

(c) Interest and Sinking Fund. Principal and interest due on the Series 2009 Bonds shall be paid from the interest and sinking fund of the SFID as provided in Section 15357 of the Education Code. Said fund is hereby established within the County Treasury as the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District Bond Interest and Sinking Fund (the "SFID No. 3 Interest and Sinking Fund").

(d) Obligations of the SFID. The Series 2009 Bonds are obligations of the District payable from amounts on deposit in the SFID No. 3 Interest and Sinking Fund as provided in Section 15357 of the Education Code and Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code. The Series 2009 Bonds do not constitute a debt, liability or obligation of the County and no part of any fund or account of the County is pledged or obligated to the payment of the Series 2009 Bonds.

Section 8. **Redemption Provisions.** (a) Optional Redemption. The Series 2009 Bonds shall be subject to redemption at the option of the District on the dates and terms as shall be specified in the Certificate of Award or the Bond Purchase Contract, as applicable. The Certificate of Award or the Bond Purchase Contract, as applicable, may provide that the Series 2009 Bonds shall not be subject to optional redemption. If less than all of the Series 2009 Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Series 2009 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. The "redemption date" is that date on which the Series 2009 Bonds which are called are to be presented for redemption. For purposes of such selection, each shall be deemed to consist of individual Series 2009 Bonds of $5,000 denominations each, which may be separately redeemed.

(b) Mandatory Sinking Fund Redemption. The Series 2009 Bonds, if any, which are designated (at the option of the purchaser thereof) in the Certificate of Award or the Bond Purchase Contract, as applicable, as Series 2009 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Certificate of Award or the Bond Purchase Contract, as applicable. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Series 2009 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Certificate of Award or the Bond Purchase Contract, as applicable, may provide that the Series 2009 Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller of the County is hereby authorized to create such sinking funds or accounts for the Series 2009 Bonds as shall be necessary to accomplish the purposes of this Section.

(c) Notice of Redemption. Notice of optional, unscheduled or contingent redemption of any Series 2009 Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any redemption of Series 2009 Bonds shall be mailed postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 9(c), (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 16.

Each notice of redemption shall contain all of the following information:

(i) the date of such notice;

(ii) the name of the Series 2009 Bonds and the date of issue of the Series 2009 Bonds;

(iii) the redemption date;

(iv) the redemption price;

(v) the dates of maturity of the Series 2009 Bonds to be redeemed;

(vi) (if less than all of the Series 2009 Bonds of any maturity are to be redeemed) the distinctive numbers of the Series 2009 Bonds of each maturity to be redeemed;

(vii) (in the case of Series 2009 Bonds redeemed in part only) the respective portions of the principal amount of the Series 2009 Bonds of each maturity to be redeemed;

(viii) the CUSIP number, if any, of each maturity of Series 2009 Bonds to be redeemed;

(ix) a statement that such Series 2009 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and

(x) notice that further interest on such Series 2009 Bonds will not accrue after the designated redemption date.

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Series 2009 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2009 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Series 2009 Bonds called for redemption is set aside for the purpose as described in subsection (f) of this Section, the Series 2009 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2009 Bonds at the place specified in the notice of redemption, such Series 2009 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2009 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2009 Bonds and the redemption premium thereon, if any, only to the SFID No. 3 Interest and Sinking Fund or the escrow fund established for such purpose. All Series 2009 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2009 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the SFID No. 3 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 Series 2009 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2009 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(f) Redemption Fund. Prior to or on the redemption date of any Series 2009 Bonds there shall be available in the SFID No. 3 Interest and Sinking Fund, or held in trust for such purpose as provided by law, moneys for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Series 2009 Bonds designated in said notice of redemption. Such moneys so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Series 2009 Bonds to be redeemed upon presentation and surrender of such Series 2009 Bonds, provided that all moneys in the SFID No. 3 Interest and Sinking Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the SFID No. 3 Interest and Sinking Fund, unless otherwise provided for to be paid from such escrow. If, after all of the Series 2009 Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the SFID No. 3 Interest and Sinking Fund or otherwise held in trust for the payment of redemption price of the Series 2009 Bonds, said moneys shall be held in or returned or transferred to the SFID No. 3 Interest and Sinking Fund for payment of any outstanding bonds of the SFID payable from said fund; provided, however, that if said moneys are part of the proceeds of bonds of the SFID, said moneys shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the SFID are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

(g) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Series 2009 Bonds all of the principal, interest and premium, if any, represented by such Series 2009 Bonds at the times and in the manner provided herein and in the Series 2009 Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of such Series 2009 Bonds, as provided in Section 12 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Series 2009 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by such Series 2009 Bonds, but only out of moneys on deposit in the SFID No. 3 Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (h) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Series 2009 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 SFID No. 3 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 Series 2009 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(h) Unclaimed Moneys. Any money held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Series 2009 Bonds and remaining unclaimed for two years after the principal of all of the Series 2009 Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the SFID No. 3 Interest and Sinking Fund for payment of any outstanding bonds of the SFID payable from said fund; or, if no such bonds of the SFID are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Section 9. **Paying Agent.** (a) Appointment. The Bank of New York Mellon Trust Company, N.A., in Los Angeles, California, is hereby appointed the initial Paying Agent for the Series 2009 Bonds.

(b) Principal Corporate Trust Office. Unless otherwise specifically noted, any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Series 2009 Bonds shall initially mean the office of the Paying Agent in Los Angeles, California; provided, however, that in any case "Paying Agent" shall refer to any successor paying agent/registrar or transfer agent for the Series 2009 Bonds, and "principal corporate trust office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(c) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Series 2009 Bonds, which shall at all times be open to inspection by 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, Series 2009 Bonds as provided in Section 14 hereof.

(d) Payment of Fees and Expenses. The fees and expenses of the Paying Agent not paid from the proceeds of sale of the Series 2009 Bonds shall be paid in each year from the SFID No. 3 Interest and Sinking Fund, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

(e) Replacement or Resignation of Paying Agent. If, at any time, the County shall determine to replace the Paying Agent then acting hereunder, or if the Paying Agent shall submit its resignation, then the Treasurer shall, in his or her sole discretion, immediately appoint a successor paying agent to act as Paying Agent hereunder; provided that, if an immediate successor cannot be found, then the replacement or resignation of the Paying Agent shall not take effect for a period of 30 days, unless the Treasurer shall agree to act as paying agent hereunder until such successor paying agent is able to assume the duties of Paying Agent hereunder.

Section 10. Transfer Under Book-Entry System; Discontinuation of Book-Entry System. (a) The Series 2009 Bonds shall be initially issued and registered as provided in Section 5. Registered ownership of such Series 2009 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 District or the County, 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 (upon consultation with the District) 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 (upon consultation with the District) 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) of this section, upon receipt of the outstanding Series 2009 Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series 2009 Bond for each maturity shall be executed and delivered (in the aggregate principal amount of the Series 2009 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 or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2009 Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series 2009 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 or County, subject to the limitations of Section 6 and the receipt of such a written request of the District or County, and thereafter, the Series 2009 Bonds shall be transferred pursuant to the provisions set forth in Section 11 of this resolution; provided, that the Paying Agent shall not be required to deliver such new Series 2009 Bonds within a period of less than sixty (60) days after the receipt of any such written request of the District or County.

(c) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2009 Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, 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 Series 2009 Bonds, and neither the County, the District or 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 for the Owner of any Series 2009 Bonds.

(d) So long as the outstanding Series 2009 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County 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 Series 2009 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 11. **Transfer and Exchange.** (a) Transfer. Following the termination or removal of the depository pursuant to Section 10 hereof, any Series 2009 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 9(c) hereof, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2009 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2009 Bond or Series 2009 Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2009 Bond or Series 2009 Bonds of the same maturity, interest payment mode and interest rate, for a like aggregate principal amount. The Paying Agent may require the payment by any Owner of Series 2009 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2009 Bond shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding Interest Payment Date, or (2) the close of business on the date on which notice is given that such Series 2009 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

(b) Exchange. The Series 2009 Bonds may be exchanged for Series 2009 Bonds of other authorized denominations of the same maturity, interest payment mode and interest rate, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2009 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2009 Bond or Series 2009 Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2009 Bond or Series 2009 Bonds of the same maturity and interest payment mode and interest rate, for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2009 Bonds shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding Interest Payment Date, or (2) the close of business on the date on which notice is given that such Series 2009 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

Section 12. Obligation to Levy Taxes to Pay Bonds. The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2009 Bonds shall be raised by taxation upon all taxable property in the SFID and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the SFID No. 3 Interest and Sinking Fund. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of such property taxes in each year sufficient to pay all principal and interest coming due on the Series 2009 Bonds in such year, and to pay into the treasury of the County the sum so collected for deposit into the SFID No. 3 Interest and Sinking Fund. The Board of Supervisors of the County hereby covenants to levy *ad* *valorem* taxes for the payment of the Series 2009 Bonds on all property in the SFID subject to taxation by the County without limitation as to rate or amount (except certain personal property which is taxable at limited rates), and to pay, from such taxes so collected and deposited into the SFID No. 3 Interest and Sinking Fund, the principal, redemption premium, if any, and interest on the Series 2009 Bonds as and when the same become due.

Section 13. **Sale of Bonds.** (a) Official Notice of Sale; Date of Sale. The Official Notice of Sale inviting bids for the Series 2009 Bonds, in substantially the form on file with the Clerk of this Board of Supervisors, is hereby approved, and the Treasurer is hereby authorized and directed to cause the Official Notice of Sale to be completed, upon consultation with the District and the Financial Advisor, by inserting therein the maturity schedules for the Series 2009 Bonds, and making such other corrections, revisions or additions as shall be deemed necessary. The Treasurer is hereby authorized and directed to sign said Official Notice of Sale in its final form. The Financial Advisor is hereby authorized and directed to cause to be mailed to prospective bidders for the Series 2009 Bonds (including by posting to an appropriate Internet website which shall be accessible to interested bidders) copies of said Official Notice of Sale in the form finally approved by the District and the County.

Bids for the Series 2009 Bonds shall be received on behalf of this Board of Supervisors on ~~________,~~**March 12,** 2009 (or on such other date as shall be determined by the Treasurer, so long as such date is not later than August 31, 2009), at the hour and place designated in said Official Notice of Sale.

(b) Advertisement for Bids. The Notice of Intention to Sell Bonds, in substantially the form on file with the Clerk of this Board of Supervisors, is hereby approved, and the Clerk of this Board of Supervisors is hereby authorized and directed to cause the Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions thereto as shall be deemed necessary upon consultation with the District, to be published in accordance with Section 15147 of the Education Code before the date of sale in a financial publication generally circulated throughout the State of California or which the Financial Advisor advises is expected to be disseminated among prospective bidders for the Series 2009 Bonds, and such publication is hereby expressly ratified and approved.

(c) Award of Bonds; Certificate of Award. The Treasurer or his designee, as delegate of this Board of Supervisors, is hereby authorized to entertain bids for the Series 2009 Bonds, and to accept the lowest true interest cost bid, provided that (i) such true interest cost shall be no greater than ~~___~~**8.0**%, calculated as specified in the Official Notice of Sale, (ii) the maximum interest rate on the Series 2009 Bonds shall not ~~be in excess of 8.0% per annum~~**exceed the maximum rate permitted by law**, (iii) the minimum price to be paid for the Series 2009 Bonds shall not be less than the principal amount thereof, plus accrued interest, if any, to the date of delivery, (iv) the bidder has agreed to pay specified costs of issuance of the Series 2009 Bonds on behalf of the District, to the extent and in such type and amount as shall be determined and set forth in the Official Notice of Sale and bid form and (v) the Series 2009 Bonds shall otherwise conform to the limitations specified herein.

If such true interest cost and price are acceptable to the Treasurer, the Treasurer or his designee is hereby authorized to award the sale of the Series 2009 Bonds by executing the

Certificate of Award, in substantially the form on file with the Clerk of this Board of Supervisors, naming the successful bidder and determining all remaining terms of Series 2009 Bonds, and such execution shall constitute conclusive evidence of the approval of the Treasurer and of this Board of Supervisors of the terms of the Series 2009 Bonds and the sale thereof, including any change therein from the terms specified in the Official Notice of Sale; provided that the terms of the Series 2009 Bonds and the sale thereof shall conform in all respects with the limitations contained in this Resolution.

The Certificate of Award shall recite the aggregate principal amount of the Series 2009 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. The Certificate of Award, together with this Resolution, shall constitute the order of the Board of Supervisors for purposes of Section 15230 of the Education Code.

If no bid for the Series 2009 Bonds is acceptable, the Treasurer is requested to reject all bids and to re-bid the Series 2009 Bonds or, if necessary, sell the Series 2009 Bonds by negotiated sale as permitted by law, upon consultation with the District and the Financial Advisor, and upon terms and conditions otherwise in conformity with the limitations contained in this Resolution.

(d) Negotiated Sale of Bonds. As a complete alternative to the procedures specified in subdivisions (a), (b) and (c) of this section, the Board of Supervisors hereby authorizes the Treasurer, if the Treasurer or his designee shall determine, upon consultation with the District and that Financial Advisor, that market conditions are not favorable to a competitive sale and that the District would be more likely to realize lower interest costs for the Series 2009 Bonds through a negotiated sale, to sell the Series 2009 Bonds by negotiated sale to an underwriter (the "Underwriter") approved by the Treasurer or his designee and an Authorized Officer of the District, in consultation with the Financial Advisor, after the review of qualifications of and proposals from at least [three] underwriters with experience in underwriting California school district general obligation bonds, on such terms to be finally determined and set forth in the Bond Purchase Contract, such determination and approval to be conclusively evidenced by the execution and delivery the Bond Purchase Contract by the Treasurer or his designee and such Authorized Officer of the District. The Bond Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, with such changes, insertions and omissions therein as may be approved by the Treasurer or his designee, be and the same is hereby approved, and the Treasurer or his designee is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as the Treasurer or his designee executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (i) the true interest cost for the Series 2009 Bonds shall not be in excess of ——**8.0**%, (ii) the maximum interest rate on the Series 2009 Bonds shall not ~~be in excess of 8.0% per annum~~**exceed the maximum rate permitted by law**, (iii) the minimum price to be paid for the Series 2009 Bonds shall not be less than the principal amount thereof, plus accrued interest, if any, to the date of delivery, (iv) the Underwriter's discount for the sale of the Series 2009 Bonds shall not exceed 1.25% of the principal amount of the Series

2009 Bonds exclusive of any costs of issuance the Underwriter contracts to pay, and (f) the Series 2009 Bonds shall otherwise conform to the limitations specified herein.

Section 14. Deposit and Investment of Proceeds. (a) The proceeds of sale of the Series 2009 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the improvement fund of the SFID. **Said fund is hereby established within the County treasury as the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District Improvement Fund (the "SFID No. 3 Improvement Fund").** Any premium and accrued interest shall be deposited upon receipt in the SFID No. 3 Interest and Sinking Fund within the County treasury.

(b) All funds held by the Treasurer hereunder shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County~~, unless otherwise directed in writing by the District. At~~**. To the extent permitted by law and upon approval of the Treasurer, at** the written ~~direction~~**request** of the District, all or any portion of the ~~improvement fund of the~~ SFID **No. 3 Improvement Fund** may be invested ~~in~~**on behalf of the District in (a)** the Local Agency Investment Fund in the treasury of the State of California **or (b) investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Series 2009 Bonds necessary in order to maintain the then current rating on the Series 2009 Bonds**.

(c) Investment earnings on the money in the ~~improvement fund of the~~ SFID **No. 3 Improvement Fund** shall be deposited in the ~~improvement fund of the~~ SFID **No. 3 Improvement Fund**. Investment earnings on the money in the SFID No. 3 Interest and Sinking Fund shall be deposited into the SFID No. 3 Interest and Sinking Fund.

Section 15. Tax Covenant. The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2009 Bonds under Section 103 of the Code, and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2009 Bonds, to be entered into by the District as of the date of issuance of the Series 2009 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series 2009 Bonds.

Section 16. Continuing Disclosure Certificate. The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12, and that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 17. Limited Responsibility for Official Statement. Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the Official Statement of the District describing the Series 2009 Bonds, and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District held by the Treasurer, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify in writing prior to or upon the issuance of the Series 2009 Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 18. Not a County Debt. The Series 2009 Bonds do not constitute a debt, liability or obligation of the County and no part of any fund or account of the County is pledged or obligated to the payment of the Series 2009 Bonds. Neither the County, nor the Board of Supervisors, nor any officer, official, agent or employee of the County, shall have any obligation or liability hereunder or in connection with the transactions contemplated hereby other than as specified by law. The County (including the Board of Supervisors and the officers, officials, agents and employees of the County) shall retain all of their respective constitutional and statutory privileges, immunities, rights and defenses in carrying out their duties under this Resolution.

Section 19. Approval of Actions. The Chair of this Board of Supervisors, the Clerk of this Board of Supervisors, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series 2009 Bonds, necessary or desirable to accomplish the transactions authorized herein.

Section ~~19.~~20. Effective Date. This resolution shall take effect from and after its adoption.

EXHIBIT A

[Form of Series 2009 Bond]

Number R-__	UNITED STATES OF AMERICA STATE OF CALIFORNIA COUNTY OF SAN JOAQUIN	Amount $________

BONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3
OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT,
ELECTION OF 2008, SERIES 2009

Maturity Date	Interest Rate	Dated as of	CUSIP NO.
August 1, ____	____%	________, 2009	_________

Registered Owner: CEDE & CO.

Principal Sum: ______________________________ DOLLARS

The Tracy Joint Unified School District, counties of San Joaquin and Alameda, State of California (herein called the "District"), is obligated and promises to pay, but only from taxes to be levied and collected by the County of San Joaquin (the "County") within School Facilities Improvement District No. 3 of the Tracy Joint Unified School District (the "SFID") for such purposes pursuant to Section 15350 of the California Education Code, to the registered owner identified above or registered assigns, on the maturity date set forth above, 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, payable on February 1 and August 1 in each year, commencing February 1, 2009, until payment of said principal sum. If this Bond is authenticated and registered on any date prior to the close of business on the 15th day of the month preceding the first interest payment date, it shall bear interest from the date hereof. If authenticated during the period between a Record Date (as defined below) 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 principal corporate trust office (as defined in the Resolution hereinafter described) of the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"), initially The Bank of New York Mellon Trust Company, N.A. 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 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, 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 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 Resolution 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 $____________, and designated as "Bonds of the School Facilities Improvement District. No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the SFID on November 4, 2008. The Bonds are issued and sold by the Board of

Supervisors of the County of San Joaquin, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of said State, and of a resolution (herein called the "Resolution") adopted by said Board of Supervisors on __________, 2009, and subject to the more particular terms specified in [the Certificate of Award of the Bonds executed by the Treasurer of the County on __________, 2009] [the Bond Purchase Contract, dated as of ________, 2009, executed by ________, the District and the County.

The Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 principal amount 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 Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest rate, and maturity of other authorized denominations.

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

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

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Resolution, and as shown in the attached Redemption Schedule. 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.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the SFID and 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 Supervisors duly made and entered on its minutes. The Bonds represent

an obligation of the District payable out of the interest and sinking fund of the SFID, and the tax for the payment of principal of and interest on this bond (or redemption price hereof upon redemption prior to maturity), shall be limited to annual taxes to be levied upon and collected from the taxable property within the SFID.

This Bond shall not be entitled to any benefit under the Resolution, 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 Board of Supervisors of the County of San Joaquin has caused this Bond to be signed by its Chair and by the Treasurer-Tax Collector of the County, to be countersigned by the Clerk of said Board, as of the date set forth above.

Chair of the Board of
Supervisors of the County of San Joaquin

Treasurer-Tax Collector of
the County of San Joaquin

Countersigned:

Clerk of the Board of Supervisors

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is one of the TRACY JOINT UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2005, SERIES 2009, described in the within-mentioned Resolution and authenticated and registered on ____________________.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Los Angeles, California, 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 Issuer 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.

[STATEMENT OF INSURANCE]

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.

REDEMPTION SCHEDULE

[from Certificate of Award or Bond Purchase Contract, as applicable]

OFFICIAL NOTICE OF SALE

$__________*

TBONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3 OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT, ELECTION OF 2008, SERIES 2009

NOTICE IS HEREBY GIVEN that electronically transmitted bids as well as sealed bids will be received on behalf of the Board of Supervisors of the County of San Joaquin, California (the "County"), for the purchase of $__________* aggregate principal amount of bonds of Tracy Joint Unified School District, County of San Joaquin (herein called the "District"), designated "Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009" (herein called the "Bonds") more particularly described herein, on

[__________, _________, 2009
at _____ A.M.]

California time, at the offices of the Bond Counsel to the District with respect to the Bonds, Orrick, Herrington & Sutcliffe LLP, 777 South Figueroa Street, Suite 3200, Los Angeles, California 90017 (telephone (213) ___-____).

Important Note: **The winning bidder will be required to pay, from underwriter's gross spread, certain costs of issuance of the Bonds. See "TERMS OF SALE—Payment of Issuance Costs," herein.**

The County, acting on behalf of and in consultation with the District, reserves the right to cancel or reschedule the sale of the Bonds upon notice given through the Thomson Municipal News wire at any time prior to the time bids are to be received. If the sale is rescheduled, bids will be received at the place set forth above, at a date and time to be determined, and notice of the new sale date and time will be given through the Thomson Municipal News wire as soon as practicable. As an accommodation to bidders, telephone or fax notice of the change and of the new sale date and time will be given to any bidder requesting such notice from the Financial Advisor to the District (the "Financial Advisor"), KNN Public Finance, 1333 Broadway, Suite 1000, Oaklandl, California 94612 (telephone (510) ___-____). Failure of any bidder to receive such supplementary notice shall not affect the legality of the sale.

The County further reserves the right to amend this Official Notice of Sale and the terms of sale in any respect, upon notice thereof given through the Thomson Municipal News wire not later than the time bids are then scheduled to be received.

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* Approximate; subject to adjustment.

TERMS OF THE BONDS

Important Note: **This notice will be submitted to i-Deal LLC for posting at i-Deal's website and in the Parity bid delivery system. In the event i-Deal's summary of the terms of sale of the Bonds disagrees with this Official Notice in any particulars, the terms of this Official Notice shall control (unless notice of an amendment hereto is given as described above).**

Issue: The terms of issuance, principal and interest repayment, optional redemption, security, tax opinion, and all other information regarding the Bonds and the District are given in the Preliminary Official Statement which each bidder must have obtained and reviewed prior to bidding for the Bonds. This notice governs only the terms of sale, bidding and closing procedures.

Principal Payments: *(preliminary; subject to change)*

Maturity Date (August 1)	Principal Amount*	Maturity Date (August 1)	Principal Amount*
	$		$

Optional Redemption – Summary of Terms

Serial Bonds and/or Term Bonds: The Bonds shall be issued as serial maturities as shown in the table above, unless the bidder requests the creation of one or more term Bonds by combining any two or more consecutive serial maturities. For any term Bond, the amount of principal paid in each year as the mandatory sinking fund payment shall be the amount shown above as maturing in such year. [No Term Bond may be created requiring a mandatory sinking fund payment prior to __________, 20__.]

Adjustment of Principal Amounts: The principal amounts of each maturity of Bonds set forth above reflect certain estimates of the District and its financial advisor with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. Following the determination of the successful bidder, the Treasurer-Tax Collector of the County (the "County Treasurer-Tax Collector"), acting on behalf of and in consultation with the District, reserves the right to increase or decrease the principal amount of each maturity of the Bonds, in $5,000 increments, by an amount not to exceed 10% of each such principal payment; provided, however, that the adjusted aggregate principal amount of the Bonds shall not exceed

$__________. Such adjustment shall be made within 26 hours of the bid opening and in the sole discretion of the County Treasurer-Tax Collector, upon a recommendation of the District. The aggregate price bid by the successful bidder will be adjusted by the County Treasurer-Tax Collector proportionate to any increase or decrease in the aggregate principal amount of the Bonds and without consideration for the reoffering price by the successful bidder to the public of any individual maturity of the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

Interest: Interest is payable on February 1 and August 1 of each year, commencing February 1, 2010. Interest is calculated on the basis of a 30-day month, 360-day year from the date of the Bonds. Each Bond shall bear interest at the specified rate from its date to its stated maturity date, and all Bonds maturing at any one time shall bear the same rate of interest.

Bidders must specify the rate or rates of interest which the Bonds hereby offered for sale shall bear. Bidders will be permitted to bid a single rate of interest for each bond maturity, according to the following:

(i) No interest rate may be more than ___% higher than any other interest rate.

(ii) For each maturity beginning with ____, the interest rate must be equal to or higher than the rate for the immediately preceding maturity.

(iii) Each interest rate must be a multiple of 1/8 or 1/20 of 1% per annum.

(iv) Each interest rate must be greater than zero and no interest rate may exceed 12% per annum.

The true interest cost ("TIC") to the District may not exceed __%, calculated as provided in "TERMS OF SALE—Best Bid" herein.

TERMS OF SALE

Best Bid: The Bonds will be awarded to the responsible bidder submitting the best responsive bid, considering the interest rate or rates specified and the premium offered, if any. The best bid will be the bid which represents the lowest true interest cost ("TIC") to the District. The TIC is the discount rate which, when discounted semiannually and used to discount all debt service payments on the Bonds to the date of the Bonds, results in an amount equal to the price bid for the Bonds. In the event that two or more bidders offer bids at the same lowest TIC, the County Treasurer-Tax Collector will determine by lot which bidder will be awarded the Bonds. For the purpose of calculating the TIC, the mandatory sinking fund payments, if any (*see* "TERMS OF THE BONDS—Serial Bonds and/or Term Bonds" above), shall be treated as serial maturities in such years. The determination of the bid representing the lowest TIC will be made without regard to any adjustments made or contemplated to be made after the award by the County Treasurer-Tax Collector, as described herein under "TERMS OF THE BONDS—Adjustment of Principal Amounts," even if such adjustments have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

By submission of its bid, a bidder shall be deemed to have made the following representations:

(1) The bidder has received and reviewed the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement") and as a condition to bidding on the Bonds, has determined that it can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(2) As of the date of its bid and as of the date of delivery of the Bonds, all members of the bidder's syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

(3) The bidder understands that it will be required to pay costs of issuance as described in the box below.

<u>Payment of Issuance Costs</u>: The successful bidder will be required to pay $__________ in costs of issuance of the Bonds from underwriter's gross compensation at the time of delivery of the Bonds. This amount should *<u>not</u>* be added to the price paid for the bonds. *<u>Payment of this amount is not optional</u>* and is in addition to any premium for a policy of municipal bond insurance. See "CLOSING DOCUMENTS AND PROCEDURES-Bond Insurance at Bidder's Option" below. Therefore, bidders should include payment of such costs in calculating their bids.

<u>Form of Bid; Delivery of Bids</u>: No bid will be accepted for less than all of the Bonds or for a purchase price less than the par amount of the Bonds. All bids must be unconditional. All bids must be received by the County Treasurer-Tax Collector or the District's named agents no later than ______ a.m. California time on __________, _________, 2009, or such other date and time as may be determined in accordance with this Official Notice of Sale. **All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.**

Bids may be delivered by hand, or by electronic transmission via i-Deal/Parity, as follows:

Hand Delivery: Bids delivered by hand must be on the official bid form attached hereto as Exhibit A, signed by the bidder, and enclosed in a sealed envelope addressed to the Treasurer, County of San Joaquin, c/o the Bond Counsel of the District at the address given on Page 1 of this Official Notice, and clearly marked "Proposal for $__________ Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009" (or words of similar import). If the sale of the Bonds is canceled or postponed, all sealed bids shall be returned unopened.

Electronic Transmission: Solely as an accommodation to bidders, the County Treasurer-Tax Collector will accept bids in electronic form exclusively through i-Deal LLC's Parity System ("Parity"). Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with Parity, that neither the District nor the County endorses or encourages the use of Parity, and that Parity is not acting as an agent of the District or the County. Instructions and forms for submitting electronic bids must be obtained from Parity. Bidders may contact Parity directly at (212) 849-5021 or at the Parity website: *https://www.newissuehome.i-deal.com.*

WARNINGS: Neither the District nor the County assumes any responsibility for ensuring or verifying bidder compliance with Parity's procedures. The County Treasurer-Tax Collector shall be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder. The District, the County, the Financial Advisor and Bond Counsel assume no responsibility for any malfunction of the Parity system, any failure of a bid to be received at the official time, or any error contained in any bid submitted electronically. The official time for receipt of bids will be determined by District's agents at the place of bid opening, and the County Treasurer-Tax Collector shall not be required to accept the time kept by Parity as the official time. In the event of a malfunction of the Parity system, bidders should submit their bids by facsimile or hand delivery on the official bid form attached hereto as Exhibit A.

THE COUNTY TREASURER-TAX COLLECTOR RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID, WHETHER DELIVERED BY HAND, FACSIMILE OR ELECTRONIC TRANSMISSION, IS TIMELY, LEGIBLE AND COMPLETE.

Multiple Bids: In the event multiple bids are received from a single bidder by any means or combination thereof, the County Treasurer-Tax Collector shall accept the bid representing the lowest true interest cost to the District, and each bidder agrees by submitting any bid to be bound by such best bid.

<u>Statement of True Interest Cost (TIC)</u>: Each bidder is requested, but not required, to state in its bid the total percentage TIC, which shall be considered as informative only and not binding on either the bidder or the County Treasurer-Tax Collector.

<u>Good Faith Deposit</u>: A good faith deposit (the "Deposit") in the form of a cashier's check in immediately available funds, or a financial surety bond, in each case in the amount of $100,000, payable to the order of the Treasurer-Tax Collector of the County of San Joaquin, is required with each bid to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid. If a check is used, it must accompany the bid. If a financial surety bond is used, it must be issued by an insurance company licensed to issue such a bond in the State of California, and such bond must be submitted to the District's Financial Advisor prior to opening of the bids. The financial surety bond must identify the bidder whose Deposit is guaranteed by such financial surety bond, and neither the District nor the County assumes any responsibility for any failure of a financial surety bond to list any bidder or to be received on a timely basis as described in the preceding sentence. If the Bonds are awarded to a bidder submitting a financial surety bond, then said successful bidder is required to submit its Deposit to the County Treasurer-Tax Collector in the form of a cashier's check (meeting the requirements set forth above) or by wire transfer not later than 12:00 p.m. on the next business day following the award. If such Deposit is not received by that time, the financial surety bond shall be drawn

by the County Treasurer-Tax Collector to satisfy the Deposit requirement. Wiring instructions will be provided to the successful bidder.

The County Treasurer-Tax Collector does not endorse the use of a financial surety bond or any particular financial surety provider. The County Treasurer-Tax Collector will accept a financial surety bond in lieu of a cashier's check under the terms described herein solely as an accommodation to bidders, and it is understood and agreed by each bidder using such a bond that the bidder must make its own arrangements with the provider of the bond, including ensuring that evidence of the financial surety bond is provided to the District's Financial Advisor.

No interest will be paid upon the Deposit made by any bidder. Deposit checks of all bidders (except the successful bidder) will be returned by the County promptly following the award of the Bonds to the successful bidder. The Deposit of the successful bidder will, immediately upon acceptance of its bid, become the property of the District to be held and invested for the exclusive benefit of the District. The principal amount of such Deposit shall be applied to the purchase price of the Bonds at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the successful bidder shall have no right in or to the Bonds or to the recovery of its Deposit, or to any allowance or credit by reason of such Deposit, unless it shall appear that the Bonds would not be validly issued if delivered to the successful bidder in the form and manner proposed. In the event of nonpayment by the successful bidder, the amount of the Deposit shall be retained by the District as and for liquidated damages for such failure by the successful bidder, and such retention shall constitute a full release and discharge of all claims by the District against the successful bidder arising from such failure. The District's actual damages in such event may be greater or may be less than the amount of the Deposit. Each bidder waives any right to claim that the District's actual damages are less than such amount.

Bond Insurance at Bidder's Option: Bids will be accepted which are based upon the issuance of a municipal bond insurance policy for some or all of the Bonds, provided that payment of any insurance premium and any additional fees charged by any rating agency for rating insured Bonds shall be the sole responsibility of the bidder. The District intends to apply to [Moody's Investors Service and Standard & Poor's] for a rating on the Bonds and will be responsible for the rating fee incurred only in connection with such rating.

Bids shall not be conditioned upon the issuance of a municipal bond insurance policy. Subject to the limitations described below, the District and the County will cooperate in any effort to qualify the Bonds for such bond insurance. Neither the District nor the County makes any representation as to whether the Bonds will qualify for municipal bond insurance, and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the bidder. In particular, the County will neither amend nor supplement the Resolution authorizing the Bonds, in any way nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such policy. **FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF OR PAY FOR THE BONDS. IN THE EVENT OF SUCH FAILURE, THE DISTRICT SHALL AMEND THE OFFICIAL STATEMENT**

AND THE COST OF PRINTING AND MAILING SUCH SUPPLEMENT SHALL BE BORNE BY THE SUCCESSFUL BIDDER ALONE. The successful bidder must provide the District with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two business days following the award of the bid. The District will require an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy, in form reasonably satisfactory to Bond Counsel and the successful bidder.

Right of Rejection: The County Treasurer-Tax Collector, acting on behalf of and in consultation with the District, reserves the right to reject any and all bids and to waive any irregularity or informality in any bid which does not have a material effect and whose waiver will not change the ranking of the bids received. If the sale of the Bonds is cancelled or postponed, all sealed bids shall be returned unopened.

Prompt Award: The County Treasurer-Tax Collector or his designee will take action awarding the Bonds or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of the bids, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment: Delivery of the Bonds through the facilities of DTC will be made to the successful bidder in New York, New York, as soon as the Bonds can be prepared, which it is estimated will be on or about . Payment for the Bonds must be made in funds immediately available in ________, California, on the date of delivery. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder. The cost of printing the Bonds will be borne by the District.

Right of Cancellation: The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Bonds if the Bonds are not executed and tendered for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of its good faith deposit.

CUSIP Numbers and Other Fees: It is expected that the successful bidder will apply for CUSIP identification numbers for the Bonds, and furnish such numbers to Bond Counsel. It is anticipated that such CUSIP numbers will be printed on the Bonds being delivered to DTC, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms and conditions of its bid. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District, but the CUSIP Service Bureau charge for the assignment of such numbers shall be paid by the successful bidder. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, New York, New York, Securities Industry and Financial Markets Association, the Municipal Securities Rulemaking Board and any other similar entity imposing a fee in connection with the issuance of the Bonds.

California Debt and Investment Advisory Commission Fee: Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Bonds shall be charged any California Debt and Investment Advisory Commission fee payable with respect to the Bonds.

Certification of Reoffering Prices: Upon notification of award of the bid, the successful bidder shall provide initial offering prices for each maturity of the bonds. Prior to Closing, as a condition to delivery of the Bonds, the successful bidder shall be required to provide to the District initial offering price information in form and substance as Bond Counsel may require, including: (i) certification that as of the date of sale, all of the Bonds were expected to be reoffered in a bona fide public offering at stated initial offering prices; (ii) certification that as of the date of the certification, all of the Bonds had actually been offered to the general public at such prices; and (iii) the maximum initial bona fide offering prices at which at least 10% of each maturity of the Bonds was sold to the general public, and identification of any Bond maturity of which less than 10% was sold to the general public at its initial offering price.

Litigation: There is no litigation pending concerning the validity of the Bonds, the corporate existence of the District or the entitlement to their respective offices of the officers of the County who will execute the Bonds and other documents or certificates, or the power of the County to levy and collect taxes on behalf of the District for payment of, and to pay interest and principal on, the Bonds, and the District will furnish to the successful bidder a no-litigation certificate or certificates certifying the foregoing as of and at the time of the delivery of the Bonds.

Legal Opinion: The legal opinion of Orrick, Herrington & Sutcliffe LLP approving the validity of the Bonds, addressed to the District, will be furnished to the successful bidder upon delivery of the Bonds. Copies of the opinion will be filed with DTC and with the Paying Agent.

Tax Matters: Orrick, Herrington & Sutcliffe LLP will render to the District its legal opinion with respect to tax-exemption of the interest paid on the Bonds. *See* the discussion of Tax Matters in the Official Statement hereinafter referred to. In the event that prior to the delivery of the Bonds (a) the income received by private holders from obligations of the same type and character shall be declared to be includable in gross income (either at the time of such declaration or at any future date) for purposes of federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse tax effect on holders of the Bonds as such, the successful bidder may, at its option, prior to the tender of the Bonds by the Board, be relieved of its obligation to purchase the Bonds, and in such case the deposit accompanying its bid will be returned. For purposes of the preceding sentence, interest will be treated as excludable from gross income for federal income tax purposes whether or not it is includable as an item of tax preference for calculating alternative minimum taxes or otherwise includable for purposes of calculating certain other tax liabilities.

Official Statement: The District has authorized the adoption of an official statement relating to the Bonds. A copy of the Preliminary Official Statement will be furnished upon request to the Financial Advisor at the address given on page one of this notice. The Preliminary

Official Statement is in form "deemed final" by the issuer for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. The District will furnish to the successful bidder, at no expense to the successful bidder, up to ___ copies of the final Official Statement within seven business days of the award date.

Official Statement Certificate: The District will provide to the successful bidder for the Bonds a certificate, signed by an official of the District, confirming to the successful bidder that, at the time of the acceptance of the bid for the Bonds and at the time of delivery thereof, to the best of the knowledge of said official, the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except that no view shall be expressed concerning information regarding DTC and its book-entry only system, information provided by the County Treasurer-Tax Collector regarding County investments, information provided by the successful bidder regarding the underwriting, reoffering, and CUSIP identification numbers of the Bonds, and information regarding a municipal bond insurance policy with respect to the Bonds and the provider thereof), and that there has been no material adverse change in the financial condition or affairs of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

Continuing Disclosure Certificate: In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Dated: ________, 2009.

OFFICIAL BID FORM

_______, 2009 at _____ a.m.

BIDDING FIRM'S NAME:

____

Authorized Signatory:

____
(signature)

Treasurer-Tax Collector
County of San Joaquin
c/o Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017
Telephone: (213) ___-____

Re: $_________*

BONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3 OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT, ELECTION OF 2008, SERIES 2009

By the authorized signature above, we hereby submit this bid (consisting of the Premium, Purchase Price, and Interest Rates entered below) for the above-described Bonds in accordance with the Official Notice of Sale relating thereto dated _______, 2009, which Notice together with all representations and agreements on Page 2 hereof are hereby made part of this bid:

Par Value: $_________ + Premium: $______________ = Purchase Price: $________________.
(plus accrued interest to the date of delivery)

Maturity ()	Principal Amount*	Check if Term Bonds**	Interest Rate	Maturity ()	Principal Amount*	Check if Term Bonds**	Interest Rate
	$	___	_____%		$	___	_____%
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____
		___	_____			___	_____

* Preliminary; subject to adjustment pursuant to Official Notice of Sale.

** ***Please!*** *Clearly indicate each Term Bond so that Serial Maturities of the same coupon rate are distinguished from Serial Maturities comprising a single Term Bond. E.g., circle maturity, or indicate beginning and end of each Term Bond. No mandatory sinking fund payments shall be required to be made prior to , .*

Interest Rate Restrictions: [No interest rate specified is more than ___% higher than any other interest rate. For each maturity beginning with ____, the interest rate bid is equal to or higher than the rate bid for the immediately preceding maturity.] Each interest rate bid is a multiple of 1/8 or 1/20 of 1% per annum. Each interest rate must be greater than zero and no interest rate may exceed 12% per annum.

By execution on the first page of this bid by an authorized officer, we hereby represent:

(1) We have previously submitted a financial surety bond complying with the requirements of the Official Notice of Sale, or enclose herewith a cashier's check drawn on a bank or trust company transacting business in the State of California, payable to the order of the Treasurer-Tax Collector of the County of San Joaquin, in the amount of $____________. We understand that no interest will be paid on good faith deposits.

(2) We have received and reviewed the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement") and as a condition to bidding on the Bonds, have determined that we can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(3) As of the date of this bid and as of the date of delivery of the Bonds, all members of our syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

(4) Our computation of the True Interest Cost (TIC) to the District under the foregoing proposal, made as provided in the Official Notice of Sale, is _______%. Our computation of the gross interest cost to the District (net of any premium bid) under the foregoing proposal is $_____________. These estimates are for informational purposes only and not binding on the District or on the undersigned.

[(5) We understand that in addition to the total purchase price bid stated above, we will be required to pay $________ in costs of issuance of the Bonds on behalf of the District (this amount being in addition to any premium paid for a policy of municipal bond insurance) from underwriter's gross compensation at the time of delivery of the Bonds.]

(6) KNN Public Finance is not a participant in this bidding syndicate or other similar account formed for the purpose of purchasing the Bonds directly or indirectly from the District, nor is any parent company, subsidiary of, or entity controlled by or controlling KNN Public Finance.

We hereby request that ________ (not to exceed ___) printed copies of the Official Statement with respect to the Bonds be furnished to us in accordance with the terms of the Official Notice of Sale.

Very truly yours,

____
Company

By *[executed on first page of bid form]*
Authorized Representative

____
Title

Phone: ______________________________

Fax: ______________________________

Bidder's representative to be contacted regarding closing procedures:

Receipt of Return of Bidder's unaccepted Good Faith Check Hereby Acknowledged:

Name: ______________________ By ______________________

Authorized Representative

Phone: __________

Fax: __________

<u>**CERTIFICATE OF AWARD**</u>

The undersigned, Shabbir A. Khan, Treasurer-Tax Collector of the County of San Joaquin, California (the "County"), on behalf of the Tracy Joint Unified School District (the "District"), which is located in the counties of San Joaquin and Alameda, California, pursuant to powers delegated to me by a resolution adopted by the Board of Supervisors of the County on _______, 2009 (the "Resolution"), duly authorizing the issuance and sale of not to exceed $_________ aggregate principal amount of Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009 (the "Series 2009 Bonds"), hereby certify with respect to the award of said Series 2009 Bonds as follows:

ACCEPTANCE OF BID

1. On _______, 2009, at _____ a.m., the proposals for purchase of the Series 2009 Bonds, summarized in Schedule A-Bid Results attached hereto, were received and opened in accordance with the Official Notice of Sale for the purchase of the Series 2009 Bonds, dated _________, 2009 (the "Official Notice of Sale"). [The time of sale was changed to _____ a.m. in accordance with the Resolution and the Official Notice of Sale, and notice thereof was given prior to the originally scheduled time of sale through the Thomson Municipal News wire.]

2. The proposal submitted by [Underwriter] is in compliance with all of the terms and conditions set forth in the Official Notice of Sale.

3. The bid of [Underwriter] is the best responsive bid as determined by the method of calculation for such best responsive bid, set forth in the Official Notice of Sale, as follows:

Purchase Price: ([without/including] premium)	$______________
Total Debt Service: (dated date to maturity)	$________________
True Interest Cost:	_________%

4. The Series 2009 Bonds are hereby awarded to [Underwriter] (the "Purchaser") based on the true interest cost shown above.

5. All proposals set forth in Schedule A-Bid Results other than said accepted bid of the Purchaser are hereby rejected.

TERMS OF THE BONDS

1. The Series 2009 Bonds shall be dated ____________.

2. The aggregate principal amount of the Series 2009 Bonds is hereby determined to be $_____________ [adjusted in accordance with the Official Notice of Sale], and the [adjusted] True Interest Cost is hereby determined to be ________%].

3. The [adjusted] purchase price of the Series 2009 Bonds, including accrued interest, is $___________.

4. The maturity dates, principal amounts, and interest rates of each maturity of the Series 2009 Bonds shall be as set forth in the summary of the accepted bid of the Purchaser attached hereto as Schedule B.

5. Interest on the Series 2009 Bonds shall be payable on of each year, commencing ___________.

6. (a) The Series 2009 Bonds shall be subject to optional redemption in accordance with the terms specified in the Resolution and as further specified below:

(b) The Series 2009 Bonds shall be subject to mandatory sinking fund redemption prior to their stated maturity date, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and years shown in Schedule B-the Purchaser's "Sinking Fund of Term Bond" attached hereto.

This award of the Series 2009 Bonds is hereby made at the date and time below.

Dated: ___________, 2009,
at: _____________ p.m. [a.m.]

COUNTY OF SAN JOAQUIN

By________[draft – not for signature]________
Shabbir A. Khan
Treasurer-Tax Collector

SCHEDULE A
TO CERTIFICATE OF AWARD

Bonds of the School Facilities Improvement District No. 3
of the Tracy Joint Unified School District,
Election of 2008, Series 2009

BID RESULTS

[insert screen printout from Parity]

SCHEDULE B
TO CERTIFICATE OF AWARD

Bonds of the School Facilities Improvement District No. 3
of the Tracy Joint Unified School District,
Election of 2008, Series 2009

MATURITY SCHEDULE
(Summary of Accepted Bid)

[insert screen printout from Parity]

NOTICE OF INTENTION TO SELL
Not to Exceed $__________
BONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3
OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT,
ELECTION OF 2008, SERIES 2009

NOTICE IS HEREBY GIVEN that the above Bonds will be offered for public sale by the Board of Supervisors of the County of San Joaquin, State of California, on _______, _______, 2009, at the hour of _____ A.M., California time (or on such other date and time as may be determined by the County as provided in the paragraph below), at the offices of Orrick, Herrington & Sutcliffe LLP, 777 South Figueroa Street, Suite 3200, Los Angeles, California 90017, subject to all of the terms and conditions of the Official Notice of Sale describing the Bonds, copies of which (along with a Preliminary Official Statement relating to the Bonds) may be requested from the Financial Advisor to the District, KNN Public Finance, 1333 Broadway, Suite 1000, Oaklandl, California 94612 (telephone (510) ___-____, fax (510) ___-____) or are available to authorized users at the PARITY® website at *www.i-dealprospectus.com*. ***Legal Opinion***: Orrick, Herrington & Sutcliffe LLP, Los Angeles, California.

The date and time of the Bond sale may be changed at the sole discretion of the County by providing notice thereof through the Thomson Municipal News wire as soon as practicable prior to the then-scheduled sale date and time of the Bonds.

Dated: ________, 2009.

$___________

BONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3 OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT, ELECTION OF 2008, SERIES 2009

BOND PURCHASE CONTRACT

__________, 2009

Treasurer-Tax Collector
County of San Joaquin
[Hall of Administration]
500 E. Main Street, First Floor
Stockton, California 95202

Tracy Joint Unified School District
1875 West Lowell Avenue
Tracy, California 95376

The undersigned, ____________________ (the "Underwriter"), hereby offers to enter into this Bond Purchase Contract (the "Bond Purchase Contract") with the County of San Joaquin, California (the "County") and the Tracy Joint Unified School District (the "District") which, upon the acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Bond Purchase Contract, the County and the District acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding on the County and the District, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Bond Purchase Contract by the County and the District and delivery of such acceptance to us at or prior to 11:59 p.m., Pacific Standard Time, on the date hereof.

1. <u>Purchase and Sale of the Bonds</u>. 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 County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of the $________ aggregate principal amount of the Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009 (the "Bonds"). The Bonds shall bear interest at the rates and shall mature on the dates and in the years shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall bear interest from the date thereof and such interest shall be payable on each February 1 and August 1, commencing [February 1, 2010]. The Underwriter shall purchase the Bonds at a price of $__________ (which is equal to the sum of $__________, the principal amount of the Bonds plus $__________, the amount of remaining net original issue premium), in immediately available funds by check, draft or wire transfer to or upon the order of the County on behalf of the District. The

Underwriter's discount of $__________ does not exceed ____% of the principal amount of the Bonds (excluding costs of issuance [or bond insurance premium] to be paid by the Underwriter pursuant to Section 13 hereof). The true interest cost for the Bonds is __________%.

2. **The Bonds.** The Bonds shall be dated their date of delivery and shall mature on August 1 in the years and be subject to optional and mandatory redemption all as shown on Exhibit A hereto. The Bonds shall be issued and secured pursuant to the provisions of Article XIIIA of the Constitution of the State of California and Title 1, Division 1, Part 10, Chapters 1, 1.5 and 2 of the California Education Code (the "Education Code") and pursuant to, and shall otherwise be as described in, resolutions of the Board of Trustees of the District (the "Board of Trustees") adopted on _________, 2009 (the "District Resolution"), and of the Board of Supervisors of the County (the "Board of Supervisors") adopted ________, 2009 (the "Board Resolution" and, collectively with the District Resolution, the "Resolutions"), which provide for the terms of the Bonds and designate The Bank of New York Mellon Trust Company, N.A., as initial paying agent therefor (the "Paying Agent"), and this Bond Purchase Contract. The Bonds were authorized under and pursuant to a bond authorization approved by more than fifty-five percent (55%) of the voters of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District (the "SFID") voting at an election held on November 4, 2008 (the "Election") approving an amount not more than $43,100,000 of general obligation bonds of the SFID to be used to finance specific construction, repair and improvement projects (collectively, the "Project") as further described in the Preliminary Official Statement (defined below). Capitalized terms used herein and not defined herein shall have the meanings set forth in the Board Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Bond Purchase Contract and the Resolutions. The Bonds shall be in definitive form, shall bear CUSIP numbers, 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").

[The payment of principal of and interest and compounded interest (but not any redemption premium) on the Bonds as specified in Exhibit A hereto will be secured by a municipal bond insurance policy (the "Insurance Policy") to be issued simultaneously with the issuance of the Bonds by ____________ (the "Insurer").]

3. **Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Bond Purchase Contract, the Continuing Disclosure Certificate (defined below), a Preliminary Official Statement and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Bond Purchase Contract.

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. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2009 (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). By the execution of this Bond Purchase Contract, the County and the District ratify the use by the Underwriter of the Preliminary Official Statement.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send 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) not later than the first business day following the date upon which each such request is received.

The Underwriter agrees to file the final Official Statement with a nationally recognized municipal securities depository within the meaning of and with the effect described in the Rule.

References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 8:00 a.m., Pacific Standard Time, on ________, 2009, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the "Closing" or "Closing Date"), the District will direct the Paying Agent to deliver to the Underwriter, at the offices of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed, together with the other documents hereinafter mentioned. 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 wire transfer or such other manner of payment as the Underwriter and the Treasurer-Tax Collector of the County, following the direction of the District, 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 school district duly organized and validly existing under the laws of the State of California (the "State"), with full legal right, power and authority to form the SFID and to issue the Bonds pursuant to the Education Code;

(b) The SFID is a school facilities improvement district duly formed and validly existing under the laws of the State, including the Education Code;

(c) (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 Bond Purchase Contract and the Continuing Disclosure Certificate, to adopt the District Resolution, to issue and to deliver the Bonds, to perform its obligations under each such document or instrument and to carry out and effectuate the transactions contemplated by this Bond Purchase Contract and the District Resolution; (iii) the execution and delivery or adoption of and the performance by the District of the obligations represented by, the Bonds, the District Resolution, the Board Resolution, the Continuing Disclosure Certificate and this Bond Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Contract constitutes 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 this Bond Purchase Contract;

(d) 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;

(e) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(f) As of the time of acceptance hereof and as of the time of the Closing, the District is not and will not be, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, a default or event of default under any such instrument; and, as of such times, to the best knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Contract, the Continuing Disclosure Certificate, the District Resolution and the Bonds and the compliance with the provisions hereof and of the Board Resolution do not conflict with or constitute on the part of the District a violation of, or material default under, any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject 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;

(g) 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 the SFID or in any way challenging the respective powers of the several offices or 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 collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest and compounded interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Contract, the Continuing Disclosure Certificate or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, or this Bond Purchase Contract; (iii) contesting the completeness or accuracy of the Preliminary Official Statement; or (iv) in which a final adverse decision could (a) result in any material adverse impact on the financial condition of the District, (b) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Contract or the Resolutions, (c) declare this Bond Purchase Contract to be invalid or unenforceable in whole or in material part, or (d) 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 from California personal income taxation;

(h) 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;

(i) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain, and up to and including the Closing will contain, no material misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in light of the circumstances in which such statements were made, not misleading. At the time of the Closing, there shall not have been any material adverse changes in the financial condition of the District since the date of the Official Statement;

(j) To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events; the District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events. A form of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the Official Statement;

(k) 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, as to the statements made therein;

(l) Preparation and distribution of the Official Statement pertaining to the Bonds have been duly authorized by the District, and the information contained therein (excluding the statements and information in [Appendix G – "Book-Entry Only System,"] [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the Official Statement) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation and warranty is made concerning statements and information in [Appendix G – "Book-Entry Only System"] and [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the final Official Statement; and

(m) The District agrees that if at any time before the Closing Date, any event occurs 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 any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter.

8. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriter that:

(a) The County has the power under the laws of the State to issue the Bonds in the name and on behalf of the District pursuant to the applicable provisions of the Education Code;

(b) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Bond Purchase Contract, to adopt the Board Resolution, to issue and deliver the Bonds to the Underwriter in the name and on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions applicable to the County contemplated by this Bond Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations represented by the Bonds, the Board Resolution and this Bond Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing and the Board

Resolution shall not have been modified, amended, rescinded or revoked and is in full force and effect on the date hereof and on the date of the Closing; (iv) this Bond Purchase Contract constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Contract;

(c) To the best knowledge of the County, no authorization, approval, consent or other order of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the County of this Bond Purchase Contract or the consummation by the County of the other transactions contemplated by such agreement (provided that no representation or warranty need be given as to any action required of the District or under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriter);

(d) To the best knowledge of the County, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any California governmental agency 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 County 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;

(e) To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Contract, the Board Resolution and the Bonds, and the compliance with the provisions hereof applicable to the County do not conflict with or constitute on the part of the County a material violation of, or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution to which the County is bound 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 County is a party;

(f) The County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under this Bond Purchase Contract;

(g) As of the time of acceptance hereof, to the best knowledge of the County, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County or threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or directly contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Contract or the Board

Resolution or contesting the powers of the County or its authority with respect to the Bonds, the Board Resolution or this Bond Purchase Contract; or (iii) in which a final adverse decision would declare this Bond Purchase Contract to be invalid or unenforceable in whole or in material part;

(h) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money; and

(i) Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

9. Covenants of the County and the District. The County and the District respectively covenant and agree with the Underwriter that:

(a) The County and 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 or such states and jurisdictions, *provided, however*, that the District and the County 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 seventh (7th) business day following the date this Bond Purchase Contract is signed, copies of a final 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 (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the "Official Statement") in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds; and

(c) Each party hereto agrees that it will notify the other parties hereto if, within the period from the date of this Bond Purchase Contract to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the written opinion of the

District or counsel to the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the County, the District or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The District and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (i) the County delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

10. **Division of Responsibility Between District and County**. It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Bond Purchase Contract which are to be performed solely by the District.

11. **Conditions to Closing.** The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Bond Purchase Contract 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 County and 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 date of the Closing; and the County and the District shall be in compliance with each of the agreements made by each of them, respectively, in this Bond Purchase Contract;

(b) At the time of the Closing, (i) the Official Statement, the Continuing Disclosure Certificate, this Bond Purchase Contract, the District Resolution and the Board Resolution shall be in full force and effect and 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 Education Code 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; and (iii) the County and the District shall perform or have performed all of their respective obligations required under or specified in the District Resolution, the Board Resolution, the Continuing Disclosure Certificate, or the Official Statement 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 Bond Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, is pending (in which service of process has been completed against the County or the District) or 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 or this Bond Purchase Contract, or (C) in any way contesting the existence or powers of the County or the District, or contesting in any way the completeness or accuracy of the Official Statement;

(d) Between the date hereof and the Closing, the investment quality, the marketability or the market price of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) At or prior to the date of the Closing, the Underwriter shall have received the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Orrick, Herrington & Sutcliffe LLP, San Joaquin, California ("Bond Counsel"), substantially in the form attached as Appendix __ to the Official Statement, dated the Closing Date and addressed to the County and the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter [and the Insurer] may rely upon the approving opinion described in subsection (e)(1) above.

(3) A certificate, signed by an appropriate official of the District, to the effect that (i) such official is authorized to execute this Bond Purchase Contract and the Continuing Disclosure Certificate, (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 Resolution, the Board Resolution, the Continuing Disclosure Certificate and this Bond Purchase Contract to be complied with by the District prior to or concurrently with the Closing, (iv) to the best of such official's knowledge, no litigation is pending or 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 Continuing Disclosure Certificate or this Bond Purchase Contract, or (C) in any way contesting the existence or powers of the District or the SFID, (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 to make the statements therein, in light of the circumstances in which they were made, not misleading, (vi) each of the conditions listed in Section 11 of this Bond Purchase Contract has been satisfied on the date hereof and the District is not aware of any other condition of this Bond Purchase Contract that has not been satisfied on the date hereof, and (vii) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Contract substantially conform to the descriptions thereof contained in the Board Resolution and this Bond Purchase Contract;

(4) The opinion of Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the District, addressed to the District and the Underwriter, dated the Closing Date, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Board Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended[; provided, however, that no opinion need be expressed regarding the Insurance Policy], and (ii) based on such counsel's participation in conferences with representatives of the Underwriter, the District, the County, the Paying Agent, [the Insurer,] their respective counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed (but with no inquiry made of other attorneys in such counsel's firm not working directly on the issuance of the Bonds who may have information material to the issue), and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of its engagement as disclosure counsel no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about feasibility valuation, appraisals, absorption, real estate or environmental matters, or any

information about litigation, [Appendices B, E, F, G and H], or any information about [the Insurer, the Insurance Policy,] book-entry or DTC, included or referred to therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) The Continuing Disclosure Certificate signed by an appropriate official of the District substantially in the form appended to the Official Statement;

(6) A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute and to approve this Bond Purchase Contract, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the Board Resolution and this Bond Purchase Contract to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the information contained in the Official Statement in [Appendix __ – "Summary of County of San Joaquin Investment Policies and Practices and Description of Investment Pool"] and on such basis certifies that the information contained in the Official Statement in [Appendix __ – "Summary of County of San Joaquin Investment Policies and Practices and Description of Investment Pool"] does not contain any untrue statement of a material fact concerning the County required to be stated therein or omit to state a material fact necessary to make the statements concerning the County therein, in the light of the circumstances in which they were made, not misleading; and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Contract substantially conform to the descriptions thereof contained in the Board Resolution and this Bond Purchase Contract;

(7) A tax certificate of the District in form satisfactory to Bond Counsel;

(8) Evidence satisfactory to the Underwriter that the Bonds shall have been rated at "___" by Moody's Investors Service and "___" by Standard & Poor's Ratings Services (or such other equivalent rating as such rating agency may give) and that such rating has not been revoked or downgraded;

(9) The opinion of County Counsel for the County of San Joaquin, as counsel to the County, addressed to [the Insurer and] the Underwriter, dated the Closing Date and in a form reasonably satisfactory to the Underwriter;

(10) A certificate, together with fully executed copies of the District Resolution, of the Clerk of the Board of Trustees to the effect that:

(i) such copies are true and correct copies of the District Resolution; and

(ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(11) A certificate, together with fully executed copies of the Board Resolution, of the Clerk of the Board of Supervisors to the effect that:

(i) such copies are true correct copies of the Board Resolution; and

(ii) the Board Resolution was duly adopted;

(12) Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(13) [A policy of municipal bond insurance or surety bond with respect to the Bonds that are insured by the Insurer;]

(14) [A certificate of the Insurer in form and substance satisfactory to Bond Counsel, County Counsel and counsel to the Underwriter;]

(15) [An opinion of counsel to the Insurer addressed to the District, the County and the Underwriter in form and substance satisfactory to Bond Counsel, County Counsel and counsel to the Underwriter;] and

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

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract 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 County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and 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.

12. <u>Conditions to Obligations of the County and the District</u>. The performance by the County and the District of their obligations is conditioned upon (i) the performance by the

Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District and other than items to be executed by the Underwriter or their counsel.

13. **Expenses.** The Underwriter shall pay costs of issuance of the Bonds up to the amount of $__________, including but not limited to the following: (i) the costs of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel, the District's financial advisor and disclosure counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary expenses for travel relating to such ratings; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; [(vii) the premium for the Insurance Policy;] and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. Any such expenses which exceed in the aggregate $__________ shall be paid by the District and may be paid from the proceeds of the Bonds. All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP Bureau registration fees, expenses for travel, the fees and expenses of counsel to the Underwriter and other expenses (except as provided above), shall be paid by the Underwriter.

14. **Notices.** Any notice or other communication to be given under this Bond Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the County of San Joaquin, Office of the Treasurer-Tax Collector, [Hall of Administration], 500 E. Main Street, First Floor, Stockton, California 95202, Attention: Treasurer-Tax Collector, if to the District, to the Tracy Joint Unified School District at 1875 West Lowell Avenue, Tracy, California 95376, Attention: Casey J. Goodall, Associate Superintendent of Business Services, or if to the Underwriter, in care of the Underwriter, _____________, ___________, ___________, California _______; Attention: _______.

15. **Severability.** In the event any provision of this Bond Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

16. **Parties in Interest; Survival of Representations and Warranties.** This Bond Purchase Contract when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Bond Purchase Contract is made solely for the benefit of the County, 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 Bond Purchase Contract shall survive 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 Bond Purchase Contract.

17. **Execution in Counterparts.** This Bond Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

18. **Applicable Law.** This Bond Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State applicable to contracts made and performed in such State.

Very truly yours,

____

By:______________________________
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

COUNTY OF SAN JOAQUIN

By:______________________________
Chief Deputy Treasurer-Tax Collector

APPROVED AS TO FORM:

____________________,
County Counsel

By:______________________________

TRACY JOINT UNIFIED SCHOOL DISTRICT

By:______________________________

EXHIBIT A

MATURITY SCHEDULE

$__________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield

† Yield to par call on August 1, 20__.

$___________ _____% Term Bonds due August 1, 20__ – Yield ________%

TERMS OF REDEMPTION

The Bonds are subject to redemption prior to their stated maturity dates as follows:

Optional Redemption. [The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and 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 of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.]

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

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

† Maturity.

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

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Tracy Joint Unified School District (the "District") in connection with the issuance of $_________ aggregate principal amount of Bonds of the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, Election of 2008, Series 2009 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "County Resolution") adopted by the Board of Supervisors of the County of San Joaquin (the "County") on ________, 2009, at the request of the Board of Trustees of the District by its resolution (the "District Resolution") adopted on ________, 2008. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

"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).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) hereof.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission may be found at the following Internet address: http://www.sec.gov/info/municipal/nrmsir.htm.

"Official Statement" shall mean the Official Statement, dated _______, 2009 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

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

"SFID" shall mean the School Facilities Improvement District No. 3 of the Tracy Joint Unified School District.

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. <u>Provision of Annual Reports</u>. (a) The District shall, or shall cause the Dissemination Agent to, not later than [eight] months after the end of the District's fiscal year (which due date shall be March 1 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2008-09 Fiscal Year (which is due not later than [March 1, 2010]), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c) hereof.

(b) Not later than 15 Business Days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

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

Section 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the

District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the current fiscal year.

(ii) District average daily attendance.

(iii) District and SFID outstanding debt.

(iv) Information regarding total assessed valuation of taxable properties within the SFID, if and to the extent provided to the District by the County.

(v) Top twenty property owners in the SFID for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if material.

(vi) Information regarding total secured tax charges and delinquencies on taxable properties within the SFID, if and to the extent provided to the District by the County.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on the credit enhancements reflecting financial difficulties;

(v) substitution of the credit or liquidity providers or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modifications to rights of Holders;

(viii) optional, contingent or unscheduled bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (viii) and (ix) of subsection (a) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the County Resolution.

Section 6. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the Securities and Exchange Commission shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder, and the District may satisfy its obligations hereunder to file any notice, document or information with a Repository by filing the same with any dissemination agent or conduit, including DisclosureUSA.org or another "Central Post Office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such Repository, to the extent permitted by the Securities and Exchange Commission or Securities and Exchange Commission staff or required by the Securities and Exchange Commission. For this purpose, permission shall be deemed to have been granted by the Securities and Exchange Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Securities and Exchange Commission staff to the effect that using the agent or conduit to transmit information to the Repository will be treated for purposes of the Rule as if such information were transmitted directly to the Repository.

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

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

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

(a) if the amendment or waiver relates to the provisions of Section 3(a), Section 4, or Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the County Resolution for amendments to the County Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 11. **Default.** In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the County Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: _______, 2009

TRACY JOINT UNIFIED SCHOOL DISTRICT

By: ______________________________

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	TRACY JOINT UNIFIED SCHOOL DISTRICT
Name of Issue:	BONDS OF THE SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3 OF THE TRACY JOINT UNIFIED SCHOOL DISTRICT, ELECTION OF 2008, SERIES 2009
Date of Issuance:	________, 2009

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated _________, 2009. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

TRACY JOINT UNIFIED SCHOOL DISTRICT

PRELIMINARY OFFICIAL STATEMENT DATED ___________, 2009

(Draft as of February 2, 2009)

NEW ISSUE — BOOK-ENTRY ONLY **RATINGS:**

Moody's: ____

(See "**MISCELLANEOUS — Ratings**" herein).

*In the opinion of Orrick, Herrington & Sutcliffe LLP, California, 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 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 federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "**LEGAL MATTERS — Tax Matters**" herein.*

$14,000,000*

School Facilities Improvement District No. 3 of the TRACY JOINT UNIFIED SCHOOL DISTRICT (San Joaquin County, California) General Obligation Bonds Election of 2008, Series 2009

Dated: Delivery Date TRACY **Due: August 1, as shown below**

The School Facilities Improvement District No. 3 of the Tracy Joint Unified School District, General Obligation Bonds Election of 2008, Series 2009 (the "Bonds") are issued on behalf of the Tracy Joint Unified School District (the "District"), and the Board of Supervisors of San Joaquin County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the School Facilities Improvement District No. 3 ("SFID") (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal of, the Bonds, all as more fully described herein under "**THE BONDS**" and "***AD VALOREM* PROPERTY TAXATION**."

Interest on the Bonds is payable semiannually on each February 1 and August 1 commencing February 1, 2010. The Bonds, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds as described herein under "**THE BONDS — Book-Entry System.**"

The Bonds due on or before August 1, 2019, are not subject to optional redemption; the Bonds due on and after August 1, 2020, are subject to optional redemption as described herein under "**THE BONDS — Redemption.**"

The following firm, serving as financial advisor to the District, has structured this financing:

KNN public finance
A Division of Zions First National Bank

MATURITY SCHEDULE

(Base CUSIP[1]: ____)

Maturity (August 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP[1]	Maturity (August 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP[1]
2010					2022				
2011					2023				
2012					2024				
2013					2025				
2014					2026				
2015					2027				
2016					2028				
2017					2029				
2018					2030				
2019					2031				
2020					2032				
2021					2033				

Pursuant to the terms of a public sale on _______, 2009, the Bonds were awarded to _________________, (the "Underwriter"), at a true interest cost of _________%. 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, Los Angeles, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about March 26, 2009.

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

Statement Date: _____________, 2009

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* Preliminary; subject to change.

(1) *Copyright 2009, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This Data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such numbers.*

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The summaries and descriptions of documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such document, statute and constitutional provision.

The information set forth herein, other than that provided by the District, has been obtained from sources which the District believes to be reliable, but is not guaranteed as to accuracy or completeness, and its inclusion herein is not to be taken as a representation of such 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 PRICES OF THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH BONDS ARE RELEASED FOR SALE AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES FOR SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT.

SAN JOAQUIN COUNTY

County Board of Supervisors

Leroy Ornellas
Chairman, Supervisor, District 5

Carlos Villapudua
Vice Chairman, Supervisor, District 1

Larry Ruhstaller
Supervisor, District 2

Steve J Bestolarides
Supervisor, District 3

Ken Vogel
Supervisor, District 4

TRACY JOINT UNIFIED SCHOOL DISTRICT

Board of Education

Ted Guzman
President

Bill Swenson
Vice President

Kelly Lewis
Clerk

James Vaughn
Member

Gregg Crandall
Member

Tom Hawkins
Member

Walter Gouveia
Member

District Administration

Dr. James C. Franco
Superintendent

Dr. Casey Goodall
Associate Superintendent of Business Services

Bonnie Carter
Director of Facilities & Planning

PROFESSIONAL SERVICES

Financial Advisor

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

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Paying Agent

The Bank of New York, National Association
Los Angeles, California

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OFFICIAL STATEMENT

$14,000,000*
School Facilities Improvement District No. 3 of the
TRACY JOINT UNIFIED SCHOOL DISTRICT
(San Joaquin County, California)
General Obligation Bonds
Election of 2008, Series 2009

INTRODUCTION

This introduction is not a summary of this official statement (the "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.

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $14,000,000* principal amount of Tracy Joint Unified School District (San Joaquin County, California), General Obligation Bonds, (School Facilities Improvement District No. 3) Election of 2008, Series 2009 (the "Bonds"), as described more fully herein.

The District

The Tracy Joint Unified School District (the "District") provides educational services to the residents of the City of Tracy (the "City") and certain surrounding unincorporated areas, in the County of San Joaquin (the "County"), in the State of California (the "State"). More detailed information regarding the area served by the District and the student population of the District may be found under "**DISTRICT INFORMATION,**" "**DISTRICT TAX BASE INFORMATION,**" and "**ECONOMIC PROFILE**" herein.

School Facilities Improvement District No. 3

School Facilities District No. 3 (the "SFID") is an area located within the Tracy Joint Unified School District, encompassing approximately 56% of the District (per assessed value), and specifically created as a separate tax area for purposes of approving and repaying general obligation bonds. The SFID is located wholly within the County. The voters of the SFID approved the authorization of a $43,100,000 million school bond to address critical facility needs of the schools in the SFID.

Sources of Payment for the Bonds

The Bonds are obligations of the District issued by the Board of Supervisors of the County on behalf of the District, and the Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to

* Preliminary; subject to change.

taxation within the SFID (except certain personal property which is taxable at limited rates), as necessary for payment of interest on and principal of the Bonds. See **"THE BONDS — Security and Sources of Payment"**, **"*AD VALOREM* PROPERTY TAXATION"** and **"DISTRICT TAX BASE INFORMATION"** herein.

Purpose of the Bonds

To renovate and modernize the community's oldest elementary and middle schools, (all within the SFID), upgrade classrooms, replace aging roofs, old heating, electrical, plumbing, cooling and ventilation systems with energy efficient systems, and improve security and technology systems at all schools within the SFID, increasing student access to computers.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Education Code (the "Education Code") and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District and the Board of Supervisors of the County. See **"THE BONDS — Authority for Issuance"** herein.

Description of the Bonds

The Bonds will be issued as current interest bonds without coupons in denominations of $5,000 each, or any integral multiple thereof and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined herein) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined herein) will be the responsibility of the DTC Participants, as more fully described hereinafter. See **"THE BONDS — Description of the Bonds; Book-Entry System"** and **"—Payment to Holders"** herein.

The Bonds will bear interest semiannually each February 1 and August 1, commencing February 1, 2010, from the date of delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds will be paid, subject to any optional redemption, on the dates and in the amounts set forth on the cover page hereof. See **"THE BONDS"** herein.

The Bonds maturing on and after August 1, 2019, may be redeemed prior to maturity at the option of the District beginning on August 1, 2020, as described under **"THE BONDS — Redemption"** herein.

[Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ____________________. See **"BOND INSURANCE"** herein.]

Tax Matters

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

Professionals Involved in the Offering

With respect to the Bonds, KNN Public Finance, A Division of Zions First National Bank, Oakland, California, is the District's financial advisor (the "Financial Advisor") (see "**MISCELLANEOUS — Financial Advisor**" herein) and Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, is the District's bond counsel (the "Bond Counsel"). The Bank of New York, National Association, Los Angeles, California, will act on behalf of the County as paying agent, registrar and transfer agent (the "Paying Agent") with respect to the Bonds. The Financial Advisor, Bond Counsel, and Paying Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Offering and Delivery of the Bonds

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about March 26, 2009.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material. See "**MISCELLANEOUS — Continuing Disclosure**" herein.

Copies of documents referred to herein and information concerning the Bonds are available from the Business Office, 1875 West Lowell Avenue, Tracy, CA 95376-4095; telephone (209) 830-3200. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of Government Chapter 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State (the "Education Code") and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District on February 10, 2009 and by the Board of Supervisors of the County on ___________, 2009 (collectively the "Resolution").

The District received authorization to issue $43,100,000 million of bonds at an election held on November 4, 2008, by an affirmative vote of 70.5% % of the votes cast within the SFID (the "Authorization"). A 55% vote in favor was the minimum required. The Bonds represent the first series issued under the Authorization.

Purpose of Issue

To renovate and modernize the community's oldest elementary and middle schools (all within the SFID), upgrade classrooms, replace aging roofs, old heating, electrical, plumbing, cooling and ventilation systems with energy efficient systems, and improve security and technology systems at all schools within the SFID, increasing student access to computers.

Estimated Sources and Uses of Funds

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

TRACY JOINT UNIFIED SCHOOL DISTRICT
Estimated Sources And Uses Of Funds

Sources of Funds	
Principal Amount of Bonds	$14,000,000*
Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to SFID Improvement Fund for SFID Projects	
Deposit to SFID Debt Service Fund	
Underwriter's Compensation	
Costs of Issuance[a]	
Total Uses	

[a] Includes estimated fees for bond insurance, Financial Advisor, Bond Counsel, rating agency, printing and distribution of official statement, Paying Agent, and miscellaneous costs of issuance.

* Preliminary; subject to change.

Investment of Bond Proceeds

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be deposited in the treasury of the County to the credit of the SFID Improvement Fund of the District (the "SFID Improvement Fund") and will be accounted for separately from all other District and County funds, but may be commingled with the proceeds of sale of other bonds of the District deposited in the SFID Improvement Fund and authorized to be used for the same purpose. The proceeds may be used only for the purposes for which the Bonds are authorized. Any premium received from the sale of the Bonds will be deposited in the interest and sinking fund of the SFID (the "SFID Interest and Sinking Fund") and used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the SFID Interest and Sinking Fund will be retained in the SFID Interest and Sinking Fund. Interest earned on the investment of monies held in the SFID Improvement Fund will be retained in the SFID Improvement Fund.

Monies held in the SFID Improvement Fund will be invested by the County in any one or more investments generally permitted to school districts under the laws of the State, consistent with the investment policy of the County and the Resolution (the "SFID Building Fund Permitted Investments"). The SFID Building Fund Permitted Investments specifically include: (a) the County Pooled Investment Fund and (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds. Moneys held in the SFID Interest and Sinking Fund will be invested by the County in the County Pooled Investment Fund. See "**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — County Investment Pool**" herein and "**APPENDIX D —SAN JOAQUIN COUNTY INVESTMENT PORTFOLIO REPORT.**"

Security and Sources of Payment

The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, as necessary for payment of interest on and principal of the Bonds, upon all property within the SFID (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the Debt Service Fund.

The rate of the *ad valorem* tax will be set annually by the County based on the assessed value of taxable property in the SFID and the debt service requirement on the outstanding bonds in each year. Variation in the annual debt service requirement and changes in assessed valuation within the SFID may cause the annual tax rate to change from year to year. For further information regarding *ad valorem* property taxation in general, see "***AD VALOREM* PROPERTY TAXATION**" and within the District in particular, see "**DISTRICT TAX BASE INFORMATION**" herein.

Description of the Bonds

The Bonds in the aggregate principal amount of $14,000,000* will be dated March 26, 2009, and will bear interest payable semiannually each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2010, at the interest rates shown on the cover hereof. The Bonds will mature on August 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond

* Preliminary; subject to change.

authenticated on or before January 15, 2010, will bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the "Record Date") and that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If a Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Payment Date will be paid on the next business day.

The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. The Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described below under "**Book-Entry System.**" Only if the Bonds should cease to be paid through a book-entry system would the Paying Agent make payments on the Bonds directly to Beneficial Owners, as registered owners of the Bonds, as more fully described below under "**Payment to Holders.**"

Book-Entry System

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC for use in disclosure documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC will distribute to Direct Participants, or that Direct Participants or Indirect Participants will distribute to the Beneficial Owners, payments of principal of, interest, and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District nor the County nor the Paying Agent are responsible or liable for the failure of DTC or any Direct or Indirect Participant to make any payments or give any notice to a Beneficial Owner or any error or delay relating thereto. Accordingly, no representations can be made concerning these matters and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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**.

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

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

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

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

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

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, the District or the County, 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 County 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.

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

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

Payment to Holders

The following provisions governing the payment, transfer and exchange of the Bonds apply to holders of the Bonds. As long as the DTC book-entry system described above is in effect, Cede & Co., or such other nominee of DTC, but not the Beneficial Owners, are holders of the Bonds. Only in the event that Bonds are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Bonds.

Principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Paying Agent, or such other location as the Paying Agent may specify. Interest shall be paid by check to the owner of any Bond at the address of such owner shown on the registration books of the Paying Agent, or at such other address the owner of the Bond has filed with the Paying Agent for such purpose on or before the Record Date. Owners of not less than $1,000,000 in principal amount of Bonds may, by written request received by the Paying Agent not later than the Record Date immediately preceding any Interest Payment Date, have interest payments made on the date due by wire transfer to an account maintained in the United States of America in immediately available funds.

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

The Paying Agent will not be required to exchange or transfer any Bond during the period from the close of business on the applicable Record Date next preceding any Interest Payment Date or redemption date, to and including such Interest Payment Date or redemption date.

Debt Service

Semi-annual debt service obligations for the Bonds, assuming that no optional redemptions are made, are as follows:

TRACY JOINT UNIFIED SCHOOL DISTRICT
Semi-Annual Debt Service

	The Bonds			
Payment Date	Principal	Interest	Total	Total Debt Service
2/1/2010				
8/1/2010				
2/1/2011				
8/1/2011				
2/1/2012				
8/1/2012				
2/1/2013				
8/1/2013				
2/1/2014				
8/1/2014				
2/1/2015				
8/1/2015				
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2/1/2028				
8/1/2028				
2/1/2029				
8/1/2029				
2/1/2030				
8/1/2030				
2/1/2031				
8/1/2031				
2/1/2032				
8/1/2032				
2/1/2033				
8/1/2033				
TOTAL				

Source: The District.

Redemption

Optional Redemption

The Bonds maturing on or before August 1, 2019, are not subject to optional redemption. Bonds maturing on and after August 1, 2020, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2019, with no prepayment premium (at 100%). 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, and 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.

[If there are any Term Bonds, as may be determined by the Underwriter upon sale of the Bonds, the following "Mandatory Sinking Fund Redemption" paragraph and table will appear in respect to any maturity of Term Bonds so established.]

Mandatory Sinking Fund Redemption

Term Bonds maturing on August 1, 20___, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, together with interest accrued thereon to the date fixed for redemption:

Redemption Date	Principal Amount
August 1, 20__	
August 1, 20__	
August 1, 20__	

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Notice of Redemption

Notice of optional, unscheduled or contingent redemption of any of the Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any redemption of Bonds shall be mailed, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date (a) by first class mail to the registered owners of the Bonds at the addresses appearing on the Bond registration books, (b) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (c) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (d) as may be further required in accordance with the continuing disclosure certificate of the District described in **APPENDIX C.**

Each notice of redemption shall contain all of the following information: (a) the date of such notice; (b) the name of the Bonds and the date of issue of the Bonds; (c) the redemption date; (d) the redemption price; (e) the dates of maturity of the Bonds to be redeemed; (f) (if less than all of the Bonds of any maturity are to be redeemed) the distinctive numbers of the Bonds of each maturity to be redeemed; (g) (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; (h) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (i) a statement that such Bonds must be surrendered by the registered owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and (j) notice that further interest on such Bonds will not accrue after the designated redemption date.

Effect of Notice of Redemption

The actual receipt by the registered owner of any Bond or any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption. The owners of Bonds so called for redemption after the redemption date shall look for the payment of principal, interest and redemption premium only to the Interest and Sinking Fund or the escrow fund established for such purpose.

Right to Rescind Notice

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption funds 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 shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

AD VALOREM PROPERTY TAXATION

The information in this section describes how ad valorem *property taxes in general are assessed and levied. For specific information on the property tax base, tax levies and collections in the District, see* ***"DISTRICT TAX BASE INFORMATION"*** *herein.*

County Services

School districts and other public agencies with property tax levies in the State all use the services of their county for the assessment of property values (certain utility and other classes of property are assessed by the State Board of Equalization; see **"—State Assessed Utility Property"** herein) and collection of property taxes and property assessments. All property taxes and assessments on property due all taxing agencies in each county generally are included on the same unified tax bill from the county to property owners twice each year, based on the same county administered tax rolls, whether general purpose property tax or specific *ad valorem* property tax for payment of general obligation bonds. In addition, for school district general obligation bonds, the county, not the school district, determines and levies each year's tax in an amount necessary to provide for payment of the school district's general obligation bond debt service. Property taxes collected are apportioned by each county according to purpose and taxing agency as prescribed by State law to that county and all school districts, special districts, cities and other agencies within that county with property tax levies. The amounts apportioned specifically for payment of school district general obligation bonds are retained by the county, and used to make the debt service payments on those bonds on behalf of the school district.

Assessed Valuation

All non-exempt property is assessed using full cash value as defined by Article XIIIA of the California Constitution (the "Constitution"). State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. The State is required to reimburse local agencies for the value of taxes on the exempt $7,000. State law also provides exemptions from *ad valorem* property taxation for certain classes of property based on ownership or use, such as household and personal effects intangible personal property (such as bank accounts, stocks and bonds), business inventories and real property used for religious, non-profit hospital, scientific and charitable purposes; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

For assessment and collection purposes, property is classified as either "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 other property having a tax lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property. Unsecured property is assessed on the "unsecured roll." Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is from July 1 through June 30) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to a "supplemental" roll during the year acquired or when improvements are completed, and such property is taxed at the secured or unsecured rate then in effect, as appropriate, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIIIA is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

See **"DISTRICT TAX BASE INFORMATION"** herein for a history of assessed valuation and a list of the largest secured tax payers for the current tax year within the District.

State-Assessed Utility Property

The Constitution provides that the State Board of Equalization (the "SBE") rather than counties assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as "going concern" operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as "unitary property." The SBE assesses property at "fair market value," determined by various methods and formulae depending on the nature of the property, except that certain railroad property is assessed at a specified percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county, subject to certain adjustments, according to the approximate percentage allocated to each taxing agency in the prior year.

Ongoing changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may cause property that had been assessed by the SBE to be assessed locally instead. A change in property status from assessment by the SBE to assessment locally or the reverse may result in a change in property tax revenue received by local agencies and an adjustment in *ad valorem* tax rates and debt capacity for any local agency general obligation bonds.

Tax Levies, Collections and Delinquencies

Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by end of business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes, plus a charge of $10 if unpaid after April 10. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted if not paid by June 30 of the same fiscal year. Such property may thereafter be redeemed by payment of (a) the delinquent taxes, (b) the 10% penalty, (c) the $10 charge, (d) an additional penalty of 1.5% per month from July 1 to the time of redemption and (e) a redemption fee of $15 per parcel, $5 of which goes to the State (collectively, the "Redemption Amount"). Properties may be redeemed under an installment plan of paying the Redemption Amount in five equal installments over a period of four years. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax defaulted. If taxes are unpaid five years after the property becomes tax defaulted or, if an installment plan is in place, at the end of an installment plan, the county can initiate a "power to sell" procedure for the county tax collector to sell the property at auction. Alternatively, in certain instances the county may institute a superior court action to foreclose the lien on delinquent property; if the lawsuit is successful, the delinquent property may be sold at a judicial foreclosure sale.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, each participating local agency levying secured property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. The County applies the Teeter Plan to secured tax levy collections for the bonds. See **"DISTRICT TAX BASE INFORMATION — Secured Tax Charges"** herein for a history of property tax collections in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS

*The information in this section concerning certain provisions of Articles XIIIA, XIIIB, XIIIC and XIIID of the State constitution, Propositions 98 and 111 and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. The tax for the District Bonds was approved in conformity with all applicable constitutional and statutory limitations. For specific financial information on the District, see **"DISTRICT INFORMATION"** herein.*

Article XIIIA

Article XIIIA of the State constitution (the "Constitution") limits, subject to certain exceptions, the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of those voting in an election to impose *ad valorem* taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional *ad valorem*, sales or transaction taxes on real property. Article XIIIA does permit *ad valorem* taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues, while prohibiting the imposition by the State Legislature of any new *ad valorem*, sales or transaction taxes on real property.

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

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims, if any, on tax increment and subject to changes in organization, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Article XIIIB

Article XIIIB of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State, to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population, for transfers in the financial responsibility for providing services and for certain declared emergencies (the "Gann limit"). As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per-capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues. For school districts, Article XIIIB constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

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

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

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the Constitution. See **"Propositions 98 and 111"** below.

Article XIIIB does not impact the ability of the County to levy and collect the property tax or pay debt service on the Bonds.

Propositions 98 and 111

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

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

Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed above under "Article XIIIB."

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

(a) State Funding of Schools (Section 8). Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(i) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986/87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) Allocations to the State School Fund (Section 8.5). In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

Proposition 1A

Since fiscal year 1992/93 the State has satisfied a portion of its Proposition 98 obligations for revenue limit funding of school districts by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. At the November 2004 election, State voters approved Proposition 1A, limiting the amount and frequency of such ERAF shifts of property tax revenue from other taxing agencies to school districts.

Under Proposition 1A, beginning in fiscal year 2008/09, the State will be able to divert no more than eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (a) the Governor declares such action to be necessary due to a State fiscal emergency; (b) two-thirds of both houses of the Legislature approve the action; (c) the amount diverted is required by statute to be repaid within three years; (d) the State does not owe to local agencies any repayment for past property tax or Vehicle License Fee diversions; and (e) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, the State will have to rely more heavily on State general fund moneys for Proposition 98 funding of school districts.

Propositions 57 and 58

On March 2, 2004 State voters passed Proposition 57, the California Economic Recovery Bond Act, authorizing the issuance by the State of up to $15 billion of bonds to finance the State's negative general fund balance as of June 30, 2004, and other general fund obligations undertaken prior to June 30, 2004. The State has issued $10.896 billion Economic Recovery Bonds under this authorization. In the same election, State voters passed Proposition 58, the Balanced Budget Amendment, requiring the State to adopt and maintain a balanced budget, establish a reserve and restrict future long-term deficit-related borrowing.

Articles XIIIC and XIIID

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

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

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel taxes" and assessments levied pursuant to the Landscape and Lighting District Act of 1972 (among other assessments), that are not pledged to the payment of bonds, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIIC.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect laws existing prior to enactment of Articles XIIIC and XIIID relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by a school district. By its terms, Article XIIID does not apply to *ad valorem* property tax of the type levied to pay debt service on the Bonds.

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

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or ability to expend revenues.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

*The information in this section concerning funding procedures of K-12 school districts and State funding of education in the State is provided as supplementary information only and it should not be inferred from the inclusion of this information in the Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District or from State revenues. For specific financial information on the District, see "**DISTRICT INFORMATION**" herein.*

State Funding of School Districts

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district if the school district qualifies for such add-ons (for example, add-ons to adjust for small school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the county office of education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment in June, and the final calculation for the end of the fiscal year Annual Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

See **"DISTRICT INFORMATION"** herein for the District's specific annual revenue limit per A.D.A.

Basic Aid Districts

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of $120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is not a Basic Aid district.

State Budget

The State budget approval process begins with the release to the State legislature by January 10th of the Governor's proposed budget for the following fiscal year. State fiscal years begin July 1st. In May, the Governor submits a revision of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and other steps in the legislative process, the budget must be approved by two-thirds vote in each house of the State legislature and submitted to the Governor. The Governor may reduce or eliminate any appropriation by line-item veto. Although the budget is required by the Constitution to be approved no later than June 15th, it often has not been approved until later.

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the K-12 education portion of the State budget pursuant to Propositions 98 and 111 and other provisions (see "**CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS**" herein), in the State budget process the Governor and State legislature still have significant leeway in deciding whether and by how much to exceed or reduce such allocation in the actual funding of K-12 school districts, and to decide what funds will be general purpose or restricted purpose.

On January 10, 2008, the proposed *Governor's Budget for 2008/2009* was released, on May 14, 2008 the *May Budget Revision* was released and on September 23, 2008 the *2008/09 Budget Act* was signed (together, the "2008/09 Budget"), a balanced budget designed to address an otherwise anticipated State budget shortfall of $24.3 billion. A portion of the balancing of revenues and expenditures in the 2008/09 Budget depends on various measures that are not yet in State law, and the State Department of Finance has announced, since the enactment of the 2008/09 Budget Act, that State tax revenue have fallen below the levels assumed in the 2008/09 Budget. On November 11, 2008, the independent Legislative Analysts Office (the "LAO") provided to the State Legislature its report "Overview of the Governor's Special Session Proposals" and on November 20, 2008 the LAO provided a second report to the State Legislature entitled "California's Fiscal Outlook: LAO Projections 2008/09 through 2013/14 (together the "LAO Reports"). Copies of the LAO Reports are available at www.lao.ca.gov. The LAO Reports state that the State's revenue collapse is so dramatic and the underlying economic factors are so weak that absent corrective action, the State will experience annual shortfalls in the range of $22 billion through fiscal year 2013/14. On December 1, 2008, the Governor declared a fiscal emergency for the State and convened two special sessions of the Legislature to address this emergency. On December 10, 2008, the Governor announced that the 2008/09 shortfall had become at least $14.8 billion. As of yet, no plan to address the shortfalls has been adopted by the State. It cannot be predicted what actions to cut expenditures or increase cash will be taken in the future, including as soon as mid-year, or earlier, by the State to respond to its own financial requirements and changes in economic conditions, and to what extent a reduction in K-12 education funding will result.

The 2008/09 Budget for the State general fund for 2007/08 projects prior year resources available of $4.305 billion, revenue and transfers-in of $103.027 billion, for a total of $107.332 billion in resources;

and for 2008/09 projects prior year resources available of $3.999 billion, revenue and transfers-in of $101.991 billion, for a total of $105.990 billion in resources. General fund expenditures are projected to be $103.333 billion for 2007/08 and $103.401 for 2008/09, with general fund ending balances of $3.999 billion and $2.589 billion, respectively.

The 2008/09 Budget reports Proposition 98 funding of K-12 and community college education, including local property tax revenue, of $55.2 billion for 2006/07 and projects $56.6 billion for 2007/08 and $58.1 billion for 2008/09. Of these amounts, the State general fund provides $41.4 billion in 2006/07, $41.5 billion in 2007/08 and $41.9 billion in 2008/09; the difference from total Proposition 98 funding is funded from local property tax revenue projected for each school district, including, in 2008/09, a State-wide total shift of $350 million of tax increment revenue from redevelopment agencies. The 2006/07 Budget included a 5.92% COLA for most school district and county office of education revenue limit apportionments, and assumed a 0.26% decline in A.D.A. statewide (the 2006/07 decline estimate is revised to 0.09% in the 2007/08 Budget). The 2007/08 Budget included a 4.53% COLA for most school district and county office of education revenue limit apportionments, and assumed a 0.48% decline in A.D.A. statewide (revised to a 0.101% decline in the 2008/09 Budget). The 2008/09 budget includes a funded COLA of 0.68% (statutory COLA less deficit) for most school district and county office of education revenue limit apportionments, and assumes a 0.521% decline in A.D.A. statewide. The 2008/09 Budget reports total Proposition 98 K-12 funding on a per A.D.A. basis at $8,279 for 2006/07 and assumes $8,509 for 2007/08 and $8,610 for 2008/09. Total K-12 funding from all sources on a per A.D.A. basis is reported at $11,279 for 2006/07 and projected at $12,042 for 2007/08 and $12,152 for 2008/09.

State Funding of Schools Without A State Budget

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the State constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 of the State constitution does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in *White v. Davis et al.* granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003/04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the *2003/04 Budget Act* was enacted.

State Funding of School Construction

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), from proceeds of State general obligation bonds authorized and issued for this purpose. Such bond measures require approval by a simple majority of those voting. Proposition 47, passed by 58.9% of the State-wide vote on November 5, 2002, authorized \$13.05 billion, \$11.40 billion of which were for K-12 school facilities and \$1.65 billion of which were for higher education facilities. Proposition 55, passed by 50.6% of the State-wide vote on March 2, 2004, authorized \$12.3 billion, \$10.0 billion of which was for K-12 school facilities and \$2.3 billion of which was for higher education facilities. Proposition 1D, passed by 56.9% of the State-wide vote on November 7, 2006, authorized \$7.329 billion for construction, modernization and related purposes for K-12 school districts.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their own general obligation bonds, certificates of participation or accumulated builder's fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

State Retirement Programs

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See **"DISTRICT INFORMATION"** herein for information regarding the District's contributions to these retirement systems.

County Office of Education

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office" herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for San Joaquin County.

School District Budget Process

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. Under either procedure, the school board must revise its adopted budget within 45 days after the Governor signs the State budget act to reflect any changes in budgeted revenues or expenditures made necessary by the adoption of the State's budget.

For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. 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.

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

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1st through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1st through January 31st. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

Accounting Practices

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. 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. See also **"Note 1"** in **"APPENDIX A"** herein for further discussion of applicable accounting policies.

County Investment Pool

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer has the authority to invest school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 *et seq.* In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the County Treasurer-Tax Collector, 24 South Hunter Street, Room 103, Stockton, CA 95202; telephone (209) 468-3925. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of December 31. 2008, is included herein in **"APPENDIX D - SAN JOAQUIN COUNTY INVESTMENT PORTFOLIO REPORT."**

DISTRICT INFORMATION

The description in this section concerning District general operating and financial information is provided as supplementary information only. It should not be inferred from the inclusion of this information that any of the matters discussed in this section affect in any way the obligation of the County on behalf of the District to levy ad valorem *taxes on taxable property within the SFID in an amount sufficient to pay all amounts due on the Bonds.*

General Information

The District includes approximately 425 square miles and includes parts of San Joaquin and Alameda Counties and provides K-12 educational services to the residents of the City of Tracy (the "City") and certain surrounding unincorporated areas. The District operates 13 elementary schools, 2 middle schools, 2 high schools, 1 continuation high school, 1 adult school and 1 community day school. The estimated population of the District is 70,500.

The 2008/09 pupil-teacher ratios are expected to be as follows:

TRACY JOINT UNIFIED SCHOOL DISTRICT
Pupil - Teacher Ratios

Grade	Ratio
K	
1 through 3	
4 through 5	
6 through 8	
9 through 12	

Source: The District.

The District is governed by a Board of Education consisting of seven members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. James C. Franco has served in this capacity since July 1, 2002.

Average Daily Attendance and Revenue Limit

The following table summarizes the historical and current year estimated average daily attendance for the District.

TRACY JOINT UNIFIED SCHOOL DISTRICT
Average Daily Attendance Second Period Report

Academic Year	Average Daily Attendance[b]
2004/05	15,487
2005/06	15,532
2006/07	15,641
2007/08	15,625
2008/09[a]	15,481

(a) From First Interim Report dated December 9, 2008.
(b) Includes K-12, special education, and continuation students; excludes Adult education and ROP.

Source: The District.

The District is not a Basic Aid District. The District's statutory base revenue limit per A.D.A. under the State revenue limit formula was $6,131.96 for 2007/08, and is projected to be $6,460.96 per A.D.A. for 2008/09. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of School Districts"** herein.

Labor Relations

Currently the District employs 838.5 full-time equivalent (FTE) certificated employees, 475.8 FTE classified employees and 138.0 management employees. There are two formal bargain units operating in the District which are described in the table below.

TRACY JOINT UNIFIED SCHOOL DISTRICT
Labor Organizations

Labor Organization	Number of Employees	Contract Expiration[a]
Tracy Educators' Association	815	June 30, 20___
California Schools Employees Association	599	June 30, 20___

[(a) Contracts are under negotiation]

Source: The District.

See **"— Comparative Financial Statements"** below for historical comparison of salary expense for the District.

Retirement Programs

The District's contribution to STRS for fiscal year 2007/08 was $5,193,213 and in fiscal year 2008/09 is estimated to be $5,120,897. The District's contribution to PERS for fiscal year 2007/08 was $1,650,071 and for fiscal year 2008/09 is projected to be $1,640,697. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Retirement Programs"** herein.

Comparative Financial Statements

The table below summarizes the District's historical and current General Fund revenue, expenditures, and fund balances from fiscal year 2004/05 through 2008/09. For the District's combined audited basic financial statements for the year ended June 30, 2008, independent auditor's letter and management's discussion and analysis, all prepared according to GASB 34, see **"APPENDIX A"** hereto.

The District's First Interim Report for fiscal year 2008/09 was certified as "qualified." For a description of the interim report certification process, see **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — School District Budget Process"** herein. The District's 2008/09 budget was approved by the County Superintendent.

TRACY JOINT UNIFIED SCHOOL DISTRICT
General Fund Revenue, Expenditures and Fund Balances
2004/05 through 2008/09

	Actuals 2004/05[a]	Actuals 2005/06[a]	Actuals 2006/07[a]	Actuals 2007/08[a]	First Interim 2008/09[d]
Revenues					
Revenue Limit Sources	$ 83,739,632	$ 87,838,225	$ 95,198,936	$ 96,761,130	$ 90,722,291
Federal Revenue	4,154,270	4,517,259	3,752,202	4,198,234	4,959,614
Other State Revenue	13,270,061	13,013,548	21,172,352	19,264,062	16,349,385
Other Local Revenue	6,944,334	7,626,485	8,957,617	9,299,113	8,786,073
Total Revenues	108,108,297	112,995,517	129,081,107	129,522,539	120,817,363
Expenditures					
Certificated Salaries					62,714,895
Classified Salaries					17,827,106
Employee Benefits					24,300,258
Books and Supplies					20,196,212
Services, Other Operating Expenses					11,569,902
Capital Outlay					656,847
Other Outlay					910,569
Transfers of Indirect/Direct Support Costs					(232,741)
Instruction:	67,460,928	72,729,652	78,095,475	82,973,433	
Supervision of Instruction	2,949,378	3,246,832	3,553,901	3,740,342	
Instructional Library, Media, & Technology	2,700,678	3,108,417	3,683,359	3,745,103	
School Site Administration	7,019,970	7,745,071	7,925,323	8,774,530	
Pupil Services:					
Home-to-school Transportation	1,638,068	1,957,557	2,289,306	2,447,803	
All Other Pupil Services	3,921,839	3,746,046	4,337,924	4,722,710	
General Administration					
Data Processing	0	0	0	0	
All other General Administration	4,536,121	4,551,727	5,145,011	5,173,078	
Plant Services	9,076,993	9,740,995	11,113,978	11,840,000	
Facility Acquisition and Construction	555,340	683,417	872,284	1,086,205	
Ancillary Services	727,572	875,468	871,418	899,885	
Community Services	125,327	133,085	337,919	300,183	
Other Outgo	887,602	1,280,702	1,878,067	673,220	
Debt Service					
Principal	502,292	673,763	126,685	135,802	
Interest	198,544	47,390	17,521	9,561	
Total Expenditures	102,300,652	110,520,122	120,248,171	126,521,855	137,943,048
Other Financing Sources/(Uses)					
Interfund Transfers In / Other Sources	0	713,531	126,410	1,404,782	9,792,925
Interfund Transfers Out / Other Uses	(1,664,208)	(7,289,228)	(2,889,206)	(6,461,201)	(1,510,867)
Total Other Financing Sources/(Uses)	(1,664,208)	(6,575,697)	(2,762,796)	(5,056,419)	8,282,058
Excess of Revenues Over (Under) Expenditures	4,143,437	(4,100,302)	6,070,140	(2,055,735)	(8,843,527)
Beginning Fund Balance	9,332,293	13,475,730	9,375,428	15,445,568	13,389,832
Ending Fund Balance	$13,475,730	$ 9,375,428	$ 15,445,568	$13,389,833	$ 4,546,305

(a) Based on audited financial statement data.
(b) From First Interim Report dated December.9, 2008.

Audit

Excerpts from the 2007/08 audited financial statements are included in **APPENDIX A,** herein. The District is required to accept its annual audit at a public meeting no later than January 31st of the following year. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors to review this Official Statement, nor have they done so.

District Debt

General Obligation Bonds. All District general obligation bonds outstanding as of February 1, 2009 are set forth in the table below. See **"THE BONDS — Authority for Issuance"** and **"THE BONDS — Debt Service"** herein.

TRACY JOINT UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bonds
As of February 1, 2009

Date Issued	Series	Amount of Original Issue	Outstanding February 1, 2009
8/6/06	General Obligation Bonds, Election of 2006, Series 2006	$14,000,000	$11,835,000
11/7/07	General Obligation Bonds, Election of 2006, Series 2007	20,000,000	19,955,000
8/13/2008	General Obligation Bonds, Election of 2006, Series 2008	17,000,000	17,000,000
Total		$51,000,000	$48,790,000

Source: The District.

All debt service payments on the bonds, including refunding bonds, are payable from an *ad valorem* tax levied and collected by the County on assessed property in the District. The debt service payments on the Bonds are payable from an *ad valorem* tax levied and collected by the County on assessed property in the SFID, which is wholly within the District.

Capital Leases. The District has entered into various capital leases having minimum payments, payable from the general fund of the District, as follows:

TRACY JOINT UNIFIED SCHOOL DISTRICT
Capital Leases

Fiscal Year Ending June 30,	Lease Payment
2009	$144,644
2010	143,974
2011	132,385
Total	421,003
Less Amount Representing Interest	(32,918)
Present Value of Minimum Lease Payments	$388,085

Source: The District

Other Post Employment Benefits

In July of 2004, the Governmental Accounting Standards Board issued GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* with requirement implementation for the District during the 2008/09 fiscal year. The new statement will significantly change the way state and local governments report their "other postemployment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, (3) and provide information useful in assessing potential demands on the employer's cash flow.

The District provides post employment health care benefits to eligible retirees and their spouses. Employees who retire from the District with at least 10 years of service, on or after attaining the age of 55, to the age of 65. District contributions toward the health benefit are capped for those retiring after July 1, 2008; the District pays the full cost for those who retired prior to July 1, 2008. The District's annual required contribution for the year ended June 30, 2008, was $2,777,885. The District made contributions during the year of $1,484,159, which resulted in a net OPEB obligation of $1,293,726.

Availability of Documents

Additional public documents will be made available upon request through the Business Office of the District. Such public documents include periodic financial reports such as interim reports, approved budget and audited financial statements. See **"INTRODUCTION — Other Information"** herein for contact information.

DISTRICT TAX BASE INFORMATION

This section presents certain information concerning the property tax base in the District and of the SFID. For general information on how ad valorem *property is assessed, and how taxes are levied and collected, see* **"AD VALOREM *PROPERTY TAXATION*"** *herein.*

Assessed Valuation

The following table represents the five-year history of assessed valuation in the SFID. For more information regarding how property is assessed in the State of California, see ***"AD VALOREM*** **PROPERTY TAXATION — Assessed Valuation"** herein.

TRACY JOINT UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3
Assessed Valuation
[CalMuni]

Fiscal Year	Local Secured	Unsecured	Total
2003/04			
2004/05			
2005/06		[Prior Years To Come]	
2006/07			
2007/08			
2008/09	$7,807,737,807	$296,812,793	$8,104,550,600

Source: California Municipal Statistics, Inc.

The *ad valorem* property tax to pay debt service on the Bonds and all other outstanding bonds is levied on total assessed value of all taxable property within the SFID before deducting any redevelopment agency tax increment. The District's general fund property tax revenue is a percentage of the County-wide 1% general purpose tax rate levied on total assessed value of all taxable property within the District after deducting redevelopment agency tax increment.

Secured Tax Charges

The following table reflects the historical secured tax levy for the District as a whole (not specifically the SFID).

TRACY JOINT UNIFIED SCHOOL DISTRICT
Secured Tax Charges
[CalMuni]

Fiscal Year	Secured Tax Charge(a)
2003/04	$15,535,505.03
2004/05	17,659,083.94
2005/06	20,788,582.79
2006/07	24,523,160.92
2007/08	[To come]

a) 1% General Fund apportionment..

Source: California Municipal Statistics, Inc.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. [The County includes the secured, but not the unsecured,] *ad valorem* tax levy for the District's general obligation bonds under the Teeter Plan. See **"*AD VALOREM* PROPERTY TAXATION — Teeter Plan"** herein.

Tax Rates

The following is a summary of tax rates for a representative tax rate area, TRA 4-73, within the SFID. TRA 4-73 has a total 2008/09 assessed valuation of $____________, approximately ____% of the SFID's total assessed valuation. See **"*AD VALOREM* PROPERTY TAXATION"** for further information on establishing tax rates.

TRACY JOINT UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3
Tax Rates - TRA 4-73
[CalMuni]

	2004/05	2005/06	2006/07	2007/08	2008/09
County-wide Rate(a)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Tracy Unified School District	-	-	-	0.0131	
San Joaquin Delta Community College District	-	-	0.0134	0.0183	[to come]
TOTAL	1.0000%	1.01340%	1.0314%	1.0314%	

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution.

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest taxpayers in the SFID, as shown on the secured tax roll, and the amounts of their assessed valuations for all taxing jurisdictions within the SFID, are shown below.

TRACY JOINT UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES DISTRICT NO. 3
Largest Taxpayers

Name	Primary Land Use	2008/09 Assessed Valuation	Percent of Total[(a)]
Tracy Mall Partners LP	Shopping Center/Mall	$101,735,600	1.30
Leprino Foods Company Corp.	Food Processing	90,879,482	1.16
Deutsche Bank National Trust Company	Residential Properties	63,161,866	0.81
Central Valley LLC	Warehouse	49,732,737	0.64
U.S. Bank National Association	Residential Properties	41,172,497	0.53
U.S. Cold Storage of California	Warehouse	30,991,122	0.40
Car Corral Hollow LLC	Supermarket	29,271,069	0.37
Tracy Pavilion I & II LLC	Commercial	27,350,058	0.35
OSH Properties LLC	Warehouse	27,256,965	0.35
Mark T. O'Brien	Warehouse	26,975,828	0.35
Wells Fargo Bank	Residential Properties	24,964,881	0.32
Yellow Freight System Inc.	Truck Terminal	24,025,372	0.31
Prologis Trust	Warehouse	22,404,629	0.29
KLP Properties Inc. et. al.	Shopping Center	20,683,364	0.26
HSBC Bank USA Trust	Residential Properties	20,491,485	0.26
Bright Development	Residential Development	30,126,099	0.26
Kaiser Foundation Health Plan	Medical Offices	19,455,105	0.25
Sycamore Village Investment	Apartments	18,089,267	0.23
McLane Foodservice Inc.	Warehouse	17,679,806	0.23
Shirlee M. Queirolo	Supermarket	17,539,443	0.22
TOTAL		$703,986,675	8.89%

(a) Total Local Secured Assessed Valuation for 2008/09: $7,807,737,807.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of March 1, 2009. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the SFID in whole or in part. Such long- term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the SFID. 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. The first column of the Debt Report lists local agencies with territory overlapping, at least in part, that of the SFID. The second column shows the portion of each overlapping entity's debt assignable to property within the boundaries of the SFID, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given.

TRACY JOINT UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3
Statement of Direct and Overlapping Debt

2008/09 Assessed Valuation: $8,104,550,600

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Percent Applicable	Debt 3/1/09
San Joaquin Delta Community College District	11.244%	$ 18,307,408
Tracy Joint Unified School District	56.087	27,364,847
Tracy Unified School District School Facilities Improvement District No. 3	**100.**	-
Banta School District	0.005	38
City of Tracy Community Facilities Districts	56.133 - 100.	124,118,977
City of Tracy 1915 Act Bonds	90.233 - 100.	19,226,134
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		189,017,404
Less: City of Tracy Community Facilities District No. 87-1 (economically defeased through investment of state apportionments)		
OVERLAPPING GENERAL FUND DEBT:		
San Joaquin County Certificates of Participation	12.465	24,572,255
City of Lathrop General Fund Obligations	0.007	566
City of Stockton General Fund and Pension Obligations	0.003	8,139
City of Tracy General Fund Obligations	80.939	17,171,209
Byron-Bethany Irrigation District General Fund Obligations	0.148	8,510
TOTAL OVERLAPPING GENERAL FUND DEBT		41,760,679
GROSS COMBINED TOTAL DEBT		$230,778,083
NET COMBINED TOTAL DEBT		$200,690,234

(a) Excludes issue to be sold.
(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008/09 Assessed Valuation:
Direct Debt .... **- %**
Total Gross Direct and Overlapping Tax and Assessment Debt 2.33%
Total Net Direct and Overlapping Tax and Assessment Debt 1.96%

Ratios to Adjusted Assessed Valuation:
Gross Combined Total Debt 3.25%
Net Combined Total Debt 2.82%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: $0

Source: California Municipal Statistics, Inc.

ECONOMIC PROFILE

While the economics of the City of Tracy, the County and the surrounding region influence the economics within the District, only property within the SFID is subject to an unlimited ad valorem *tax levy to pay debt service on the Bonds.*

Introduction

The District (and the SFID) is located in the City of Tracy in San Joaquin County.

The County, organized in 1850, is located in the rich agricultural region of California's central valley. Bordered on the north and east by Sacramento, Amador, Contra Costa and Alameda counties and on the south and west by Santa Clara, Stanislaus and Calaveras, San Joaquin county encompasses 1,399 square miles.

The County represents the northernmost portion of the economic region known as the Central Valley, which is composed of seven other counties. Although the region is known for its strong agribusiness, the County is experiencing a marked transition to a diversified economy that ranges from production of paper, and co-generation of energy to farm products, wine and food processing.

Population

The following table summarizes population figures for the City and for the County. Refer to the District section for an estimated population of the District.

CITY OF TRACY AND SAN JOAQUIN COUNTY
Population

Year	City of Tracy	San Joaquin County
1980	18,428	347,342
1990	32,450	495,277
2000	56,929	563,598
2004	74,784	636,466
2005	78,516	655,319
2006	80,477	668,259
2007	80,592	675,463
2008	81,548	685,660

Source: The 1980, 1990 and 2000 totals are U.S. Census figures. The figures for the years 2004 through 2008 are based upon adjusted January 1 estimates provided by the State.

Employment

The following table summarizes employment and unemployment in the City and the County.

CITY OF TRACY
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2003	2004	2005	2006	2007
Civilian Labor Force[a]					
Employment	29,800	30,300	30,900	31,200	31,700
Unemployment	1,800	1,700	1,600	1,500	1,700
Total	31,600	32,000	32,500	32,700	33,400
Unemployment Rate[b]	5.6%	5.3%	4.8%	4.5%	5.0%

[a] Based on place of residence; March 2007 Benchmark.
[b] The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department

SAN JOAQUIN COUNTY
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2003	2004	2005	2006	2007
Civilian Labor Force[a]					
Employment	255,200	258,900	264,000	266,800	270,800
Unemployment	25,800	24,900	22,700	21,500	24,200
Total	281,000	283,800	286,700	288,300	295,000
Unemployment Rate[b]	9.2%	8.8%	7.9%	7.5%	8.2%

[a] Based on place of residence; March 2007 Benchmark.
[b] The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department

The following table summarizes the historical numbers of workers in the Stockton Metropolitan Area, which includes the County, by industry.

STOCKTON METROPOLITAN STATISTICAL AREA
Estimated Number of Wage and Salary Workers by Industry[(a)]

	2003	2004	2005	2006	2007
Agricultural	16,600	16,000	15,200	14,300	14,800
Natural Resources and Mining	200	200	200	200	200
Construction	14,400	15,300	16,700	15,900	13,700
Manufacturing	20,400	20,700	20,900	21,700	22,600
Trade, Transportation and Utilities	46,500	47,300	49,000	50,500	51,300
Information	2,900	2,800	2,600	2,500	2,500
Financial Activities	9,900	9,600	9,800	9,900	9,900
Professional and Business Services	17,800	17,600	18,100	18,500	18,200
Educational and Health Services	23,900	24,400	25,600	26,100	27,500
Leisure and Hospitality	16,400	16,800	17,100	17,300	17,900
Other Services	6,300	6,300	6,400	6,800	7,600
Government	39,500	39,400	39,600	39,600	40,400
Total All Industries	214,600	216,500	221,000	223,400	226,600

(a) The industry employment data are now based upon the North American Industry Classification System (NAICS). Newly released data are ***not*** comparable to the data based on the Standard Industrial Classification (SIC). Items may not add to totals due to independent rounding. March 2007 Benchmark.

Source: California Employment Development Department.

Major Private Employers

The following table summarizes the major private employers in the City:

CITY OF TRACY
Major Private Employers

Company	Product/Service	Employees
HJ Heinz, Co.	Manufactures canned fruits	650
Triple E Produce Ltd.	Tomato farm	430
Tracy Sutter Community Hospital	Medical hospital	400
Safeway Inc.	Warehousing & storage services	350
Barbosa Cabinets Inc.	Manufactures factory cabinets	346
Orchard Supply Hardware Corp.	Hardware store	320
Taylor Farms Pacific Inc.	Manufactures fresh vegetables peeled or processed	300
Leprino Foods Co.	Manufactures processed cheese	300
Piedmont Lumber & Mill Co. Inc.	Business support services; manufactures building & structural wood members	240
Yellow Transportation Inc.	Railroad cargo loading & unloading services	217
Owens-Brockway Glass Container	Manufactures glass packers' ware	200
Musco Family Olive Co.	Manufactures canned fruits; manufactures bulk brined olives	180
American Engineering Contractors	General electrical contractor	180
Basalite Concrete Products LLC	Manufactures concrete block & brick	150
MCH Electric Inc.	Electrical contractor	140
Southern Minnesota Sugar Co-Op	Manufactures beet sugar	135
Polybau Windows & Doors	Manufactures metal doors, sash & trim	130
Jesse Lee Group Inc.	Convalescent home	120
Consolidated Container Co. LLC	Manufactures plastic pallets	104
Ameron International Corp.	Manufactures pipe fittings	102

Source: 2008 Harris InfoSource, February 2008.

The following table summarizes the major private employers in the County:

SAN JOAQUIN COUNTY
Major Private Employers

Employer	Product/Service	Employees
St. Joseph's Medical Center	Medical hospital	2,693
Haro & Haro Enterprises Inc.	Farm labor contractor	1,000
Dameron Hospital Association	Medical hospital	987
American Savings Bank	Federal savings bank	950
H J Heinz Co.	Manufactures canned specialties	875
Lodi Memorial Hospital Association	Medical hospital	870
Pacific Gas & Electric Co.	Electric power distribution service	804
Mid Valley Plastering Inc.	Plain or ornamental plastering contractor	750
O G Packing Co.	Fresh fruit packing services	635
Pacific Coast Producers	Packaging & labeling services; wholesales general line groceries	580
Diamond Foods Inc.	Manufactures nut & seed products	575
In Shape Health Clubs Inc.	Health club	463
Lowe's Home Centers Inc.	Retails building products & materials	450
Pilkington North America Inc.	Manufactures flat glass	435
Bank of Stockton	State commercial bank	430
Zacky Farms LLC	Chicken slaughtering & processing	400
Wal-Mart Stores Inc.	Discount department store	400
Tracy Sutter Community Hospital	Medical hospital	400
Sara Lee Bakery Group Inc.	Retail bakery	400
Blue Shield of California	Insurance services	400
Simpson Manufacturing Co.	Business support services	350
Safeway Inc.	Warehousing & store services	350
Metro Park Laundry	Industrial laundry service	350

Source: 2008 Harris InfoSource, January 2008.

Construction Activity

The following table summarizes historical residential building permit valuation for the City and the County.

CITY OF TRACY AND SAN JOAQUIN COUNTY
Residential Building Permit Valuation
(Dollars in Thousands)

	City of Tracy		San Joaquin County	
Year[a]	Residential Units[b]	Residential Valuation[c]	Residential Units[b]	Residential Valuation[c]
2003	1,369	$216,215	7,041	$1,273,912
2004	1,188	212,004	6,724	1,294,418
2005	420	83,694	5,466	1,312,190
2006	257	37,718	3,652	822,210
2007	29	4,290	2,426	525,714

(a) As of January 1.
(b) Does not include alterations and additions.
(c) Includes all residential building activity.

Source: U.S. Bureau of the Census.

Commercial Activity

The following table summarizes historical taxable transactions in the City and the County.

CITY OF TRACY AND SAN JOAQUIN COUNTY
Taxable Transactions
(Dollars in Thousands)

	City of Tracy		San Joaquin County	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2003	1,362	$ 939,766	131,41	$7,745,868
2004	1,450	1,032,508	13,597	8,703,241
2005	1,477	1,164,898	13,653	9,612,059
2006	1,476	1,176,772	13,290	9,528,419
2007	1,517	1,133,674	13,300	9,326,761

Source: State Board of Equalization.

LEGAL MATTERS

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP ("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 B 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.

Certain requirements and procedures contained or referred to in the Resolution, the Tax Certificate of the District dated the date of issuance of the Bonds and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

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

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses 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 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 tax-exempt 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.

No Litigation

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

Legality for Investment in California

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

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete form of the proposed opinion of Bond Counsel is set forth in **APPENDIX B** hereto. The form of opinion of Bond Counsel is subject to the matters discussed above in **Tax Matter.** Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement.

MISCELLANEOUS

Rating

Moody's Investors Service has assigned its municipal bond rating of "___" to the Bonds, [based solely upon the issuance of the Policy concurrently with the issuance of the Bonds]. Moody's Investors Service has assigned its underlying municipal bond rating of "____" to the Bonds. Such rating reflects only the view of the organization which issued the rating and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Moody's Investors Service, 99 Church Street, New York, NY, 10007.

Generally, a rating agency bases its rating on the information and materials furnished to it (some of which may not be included in this Official Statement) and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgement of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

Pursuant to the terms of a public bid held on ________, ___________, as Underwriter (the "Underwriter"), has agreed to purchase the Bonds from the District at the purchase price of $___________. The Underwriter has represented to the District that the Bonds were reoffered to the public at the prices or yields set forth on the cover page of this Official Statement, at an aggregate reoffering price of $________________. Based on such representations, underwriter's compensation for the Bonds will be $____________. The Underwriter will be obligated to take and pay for all of the Bonds, if any Bond is purchased.

Closing Papers

Bond Counsel in due course will furnish to the Underwriter, without charge, a transcript of all closing documents, each dated the date of delivery of the Bonds. Included therein, among other documents, will be the following:

(a) The opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, substantially in the form attached as **APPENDIX B** hereto;

(b) The tax certificate of the District containing certifications and covenants relied upon by Bond Counsel in rendering its opinion that the interest on the Bonds is exempt from federal income taxation;

(c) The certificate on behalf of the District certifying that there is no litigation pending affecting the validity of the Bonds;

(d) The Certificate of an appropriate District official, acting on behalf of the District solely in his or her official and not in his or her personal capacity, certifying that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchasers thereof, to the best knowledge and belief of said Official, this Official Statement (excluding the description of the DTC and its book-entry system, information relating to a municipal bond insurance policy, if any, and the provider thereof, information provided by the Underwriter relating to the underwriting and the reoffering of the Bonds, and information relating to the investment of District funds, provided by the County Treasurer-Tax Collector), did not contain any untrue statement of a material fact 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;

(e) The signature certificate of the officials of the County certifying that said officials have signed the Bonds, whether by facsimile or manual signature, and that they were duly authorized to do so;

(f) The receipt of the Treasurer-Tax Collector of the County for the purchase price of the Bonds, including interest accrued to the date of delivery thereof, if any; and

(g) The Continuing Disclosure Certificate of the District in substantially the form shown in **APPENDIX C** attached hereto.

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than March 31 of each year commencing March 31, 2009 with the report for the 2007-08 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The District will file, or cause to be filed, the Annual Report and notices of material events, if any, with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of material events is set forth below under the caption **"APPENDIX C - Form of Continuing Disclosure Certificate."** These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Financial Advisor

The District has entered into an agreement with KNN Public Finance, A Division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the District with respect to preparation and sale of the Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

Additional Information

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 Resolution providing for issuance of the Bonds, and the documents, statutes and constitutional provisions referenced herein, do not purport to be complete, and reference is made to said documents, statutes, and constitutional provisions for full and complete statements of their provisions. This Official Statement has been reviewed and approved by the District.

TRACY JOINT UNIFIED SCHOOL DISTRICT

By: ______________________________

Superintendent

APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008, WITH INDEPENDENT AUDITOR'S LETTER AND MANAGEMENT'S DISCUSSION AND ANALYSIS

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D

EXCERPTS FROM THE SAN JOAQUIN COUNTY INVESTMENT PORTFOLIO REPORT