This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED [JANUARY 18, 2022]

NEW ISSUE -- FULL BOOK-ENTRY

UNDERLYING RATING: S&P: "[__]"
INSURED RATING: S&P: "[__]"
See "RATINGS" herein

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)

[$2,189,267]*
GENERAL OBLIGATION BONDS, 2010 ELECTION,
2022 SERIES D

[$5,110,000]*
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES A (FEDERALLY TAX-EXEMPT)

[$29,839,073]*
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)

Dated: Date of Delivery **Due: August 1, as shown herein**

Issuance. The above-captioned General Obligation Bonds, 2010 Election, 2022 Series D (the "Series D Bonds"), are being issued by the Jefferson School District (the "District"), located in San Joaquin County (the "County"), California, in the aggregate initial principal amount of $2,189,267*, to (i) finance the construction, acquisition, furnishing and equipping of school facilities of the District, and (ii) pay the costs of issuance of the Series D Bonds.

The above-captioned 2022 General Obligation Refunding Bonds, offered in two series, designated Series A (Federally Tax-Exempt) in the aggregate initial principal amount of $[5,110,000]* (the "Series A Refunding Bonds") and Series B (Federally Taxable) in the aggregate initial principal amount of $[29,839,073]* (the "Series B Refunding Bonds") are being issued by the District to (i) defease and refund outstanding general obligation bonds of the District, and (ii) pay the costs of issuance of the Refunding Bonds.

As used herein, the "Refunding Bonds" means together the Series A Refunding Bonds and the Series B Refunding Bonds; the "Bonds" means together the Series D Bonds and the Refunding Bonds; the "Tax-Exempt Bonds" means together the Series D Bonds and the Series A Refunding Bonds; and the "Taxable Bonds" means the Series B Refunding Bonds.

Authorization and Purpose. The Series D Bonds were authorized at an election of the registered voters of the District held on November 2, 2010 (the "Election"), at which the requisite fifty-five percent or more of the persons voting on Measure "J" voted to authorize the issuance and sale of $35,400,000 aggregate principal amount of general obligation bonds of the District (the "2010 Authorization"). The Series D Bonds constitute the fourth series of bonds issued pursuant to the 2010 Authorization, and are being issued pursuant to a resolution of the District adopted on [January 11, 2022] (the "Series D Resolution"), and under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law, including Article XIIIA of the California Constitution and applicable provisions of the California Education Code (the "Bond Law").

The Refunding Bonds are being issued pursuant to a resolution of the District adopted on [January 11, 2022] (the "Refunding Resolution" and, together with the Series D Resolution, the "Resolutions"), and under the provisions of Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law").

Security. The Bonds are general obligations of the District payable solely from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy and collect *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the District's payment of principal and/or accreted value of the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Book-Entry Only. The Bonds will be issued in book-entry only form and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry only form. Purchasers will not receive physical delivery of the Bonds purchased by them.

Payments. The Bonds are dated the date of delivery and are being issued as capital appreciation bonds and current interest bonds. The Bonds shall be issued in denominations of $5,000 maturity value, and integral multiples thereof, and shall accrete value or accrue interest from the dated date, compounded or payable semiannually at the rates set forth on the inside cover on each February 1 and August 1 until maturity, commencing August 1, 2022. Payments of principal or maturity value of the Bonds will be paid by Zions Bancorporation, National Association,

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* *Preliminary; subject to change.*

as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

MATURITY SCHEDULE
(See Inside Front Cover)

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

Insurance. [The District may obtain an insurance policy to insure the payment, when due, of all or part of the principal and accreted value of the Bonds. As of the date of this Preliminary Official Statement, the District has not determined if such insurance would be cost effective and so has not yet accepted a commitment for such insurance.]

This cover page contains information for general reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and subject to certain other conditions. Lozano Smith, LLP, Sacramento, California, is acting as Disclosure Counsel to the District. Jones Hall, a Professional Law Corporation, San Francisco, California, is serving as Underwriter's Counsel. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about [February 8, 2022].

The date of this Official Statement is _____, 2022.

MATURITY SCHEDULE

$[2,189,267]*
JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2022 SERIES D
BASE CUSIP†: 472430

Current Interest Serial Bonds

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

Current Interest Term Bonds

$_____% Term Bonds maturing August 1, ____ - Yield __%. CUSIP†: __

Capital Appreciation Serial Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.

Capital Appreciation Term Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.
	$	%	%	$	

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* *Preliminary; subject to change.*

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MATURITY SCHEDULE

$[5,110,000]*
JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES A (FEDERALLY TAX-EXEMPT)
BASE CUSIP†: 472430

Current Interest Serial Bonds

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

Current Interest Term Bonds

$_____, ___% Term Bonds maturing August 1, ____ - Yield __%. CUSIP†: __

Capital Appreciation Serial Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.

Capital Appreciation Term Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.
	$	%	%	$	

* *Preliminary; subject to change.*

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MATURITY SCHEDULE

$[29,839,073]*
JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)
BASE CUSIP†: 472430

Current Interest Serial Bonds

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

Current Interest Term Bonds

$_____, ___% Term Bonds maturing August 1, ____ - Yield __%. CUSIP†: __

Capital Appreciation Serial Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.

Capital Appreciation Term Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† No.
	$	%	%	$	

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* *Preliminary; subject to change.*

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any note or bond owner and the District or the Underwriter.

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

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

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

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

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

Rule 15c2-12. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

JEFFERSON SCHOOL DISTRICT
SAN JOAQUIN COUNTY
STATE OF CALIFORNIA

DISTRICT BOARD OF EDUCATION

Pete Carlson, *[_____]*
Brian Jackman, *[_____]*
Phil Raya, *[_____]*
Dan Wells, *[_____]*
Debbie Wingo, *[_____]*

DISTRICT ADMINISTRATION

James Bridges, Ed.D., *Superintendent*
Dena Whittington, *Chief Business Officer*

MUNICIPAL ADVISOR

Eastshore Consulting LLC
Oakland, California

BOND COUNSEL, DISCLOSURE COUNSEL, and DISTRICT COUNSEL

Lozano Smith, LLP
Sacramento, California

UNDERWRITER'S COUNSEL

Jones Hall, a Professional Law Corporation
San Francisco, California

PAYING AGENT

Zions Bancorporation, National Association
Los Angeles, California

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JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)

$2,189,267*
GENERAL OBLIGATION BONDS, 2010 ELECTION,
2022 SERIES D

[$5,110,000]*
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES A (FEDERALLY TAX-EXEMPT)

[$29,839,073]*
2022 GENERAL OBLIGATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)

INTRODUCTION

This Introduction is not a summary of 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 remainder of the Official Statement and the documents summarized or described in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, and potential investors should thoroughly review it prior to purchasing the captioned Bonds.

The purpose of this Official Statement, which includes the cover page, the inside cover page, and all appendices hereto (the "Official Statement"), is to provide certain information concerning the issuance, sale, and delivery of the following general obligation bonds of the Jefferson School District (the "District"), located in San Joaquin County (the "County"), California:

- $2,189,267* General Obligation Bonds, 2010 Election, 2021 Series D (the "Series D Bonds");
- $[5,110,000]* 2022 General Obligation Refunding Bonds, Series A (Federally Tax-Exempt) (the "Series A Refunding Bonds"); and
- $[29,839,073]* 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Series B Refunding Bonds").

As used herein, (i) the "Refunding Bonds" means, together, the Series A Refunding Bonds and the Series B Refunding Bonds; (ii) the "Bonds" means, together, the Series D Bonds and the Refunding Bonds; (iii) the "Tax-Exempt Bonds" means, together, the Series D Bonds and the Series A Refunding Bonds; and (iv) the "Taxable Bonds" means the Series B Refunding Bonds.

The Bonds consist of current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"), including serial and term bonds, all as shown on the inside covers hereof.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as

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* *Preliminary; subject to change.*

required by the Continuing Disclosure Certificate to be executed by the District. See "CONTINUING DISCLOSURE."

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that 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 representations of fact. The summaries and references to 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 of such documents, statutes, and constitutional provisions.

The information set forth herein has been obtained from official sources that are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District. The information and expressions of opinions 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.

Copies of documents referred to herein and information concerning the Bonds are available from the are available from the Jefferson School District, 1219 Whispering Wind Drive, Tracy, California 95377; (209) 836-3388. The District may impose a charge for copying, mailing, and handling.

The District

The District is an elementary school district located and serving students primarily in the city of Tracy, in San Joaquin County (the "County"), California. The District operates four elementary schools, two of which serve grades kindergarten through eight, one serving grades kindergarten through four, and one serving grades five through eight, with an aggregate enrollment of approximately [2,287] students.

The District operates under the jurisdiction of the San Joaquin County Superintendent of Schools. The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three Board members being elected in each even-numbered year. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day to day District operations as well as the supervision of the District's other personnel. See APPENDIX A – "General and Financial Information about the District" and APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021," herein.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by no later than nine months following the end of the District's fiscal year (the "Annual Report"), and to provide notices of

the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE" and APPENDIX E – "Form of Continuing Disclosure Certificate" herein.

Municipal Bond Insurance

The District may obtain an insurance policy to insure the payment, when due, of all or part of the principal and accreted value of the Bonds. As of the date of this Preliminary Official Statement, the District has not determined if such insurance would be cost effective and so has not yet accepted a commitment for such insurance.

COVID-19 Pandemic

For specific information on the potential impact of the COVID-19 pandemic on the assessed valuation of taxable property within the District and on the District's operations and finances, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – COVID-19 Pandemic" and APPENDIX A – "THE DISTRICT - Impact to District Operations and Budget Due to COVID-19 Pandemic" herein.

THE BONDS

Authority for Issuance

The Series D Bonds. The Series D Bonds are being issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law, including Article XIIIA of the California Constitution and applicable provisions of the California Education Code (the "Bond Law") and a resolution adopted by the Board of the District on [January 11], 2022 (the "Series D Resolution"), providing for the issuance of the Series D Bonds.

The Series D Bonds were authorized at an election of the registered voters of the District held on November 2, 2010 (the "2010 Election"), at which election at least 55% of the voters voting on Measure "J" voted to authorize the issuance of general obligation bonds of the District in an aggregate principal amount not to exceed $35,400,000 for the purpose of financing the construction, renovation, modernization, and equipping of the District's school facilities (the "2010 Authorization"). The Bonds represent the fourth and final series of bonds to be issued under the 2010 Authorization, and after the issuance of the Bonds, there will be no remaining issuance authority under the 2010 Authorization.

The Refunding Bonds. The Refunding Bonds are issued under the provisions of Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 3 of Title 5 of the California Government Code (the "Refunding Bond Law") and a resolution adopted by the Board on [January 11], 2022 (the "Refunding Resolution" and, together with the Series D Resolution, the "Resolutions"), providing for the issuance of the Refunding Bonds.

Capitalized undefined terms used in this Official Statement have the meanings ascribed thereto in the Resolutions.

Purpose of Issue

Series D Bonds. The proceeds from the Series D Bonds will be used to (i) finance the costs of construction, repair, modernization, acquisition, and equipping of school classrooms, facilities, and school sites within the District; and (ii) pay costs of issuance of the Series D Bonds.

Series A Refunding Bonds. The Series A Refunding Bonds are being issued to (i) currently refund on a tax-exempt basis the Refunded Series A Bonds (defined herein), and (ii) pay costs of issuance of the Series A Refunding Bonds.

Series B Refunding Bonds. The Series B Refunding Bonds (also referred to herein as the "Taxable Bonds") are being issued to (i) refund on an advance taxable basis the Refunded Series B Bonds (defined herein), (ii) refund on an advance taxable basis the Refunded Series C Bonds (defined herein), and (iii) pay the costs of issuance of the Series B Refunding Bonds.

For a more complete description of the District's financing plan, including more detailed description of the prior bonds to be refunded, see "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCING AND REFINANCING" herein.

Form and Registration

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

Payment of Principal and Interest

Current Interest Bonds. The Bond issued as Current Interest Bonds (as set forth on the inside cover pages hereof, the "Current Interest Bonds") will be dated as of their date of delivery, and shall bear interest at the rates set forth on the inside front cover pages hereof, payable on February 1 and August 1 of each year, commencing on August 1, 2022 (each, an "Interest Payment Date"), computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding 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 dated date; provided, however, that if, at the time of authentication of any Current Interest Bond, interest is in default

on any outstanding Current Interest Bonds of the same series, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Current Interest Bonds of such series.

Capital Appreciation Bonds. The Bonds issued as Capital Appreciation Bonds (as set forth on the inside cover pages hereof, the "Capital Appreciation Bonds") will be dated as of their date of delivery, and shall not bear current interest; each Capital Appreciation Bond shall accrete in value daily over the term to its maturity (on the basis of a 360-day year consisting of twelve 30-day months) from its initial principal (denominational) amount on the date of issuance thereof to its stated Maturity Value at maturity thereof (or to the date on which its accreted value is calculation for purposes of early redemption), on the basis of a constant interest rate (which shall not exceed the maximum rate per annum permitted by law) compounded semiannually on February 1 and August 1 of each year (with straight-line interpolations between such dates), commencing August 1, 2022.

The Underwriter has prepared the Table of Accreted Values shown in [Appendix H] with respect to the Capital Appreciation Bonds in order to provide the value per $5,000 of Maturity Value for each Capital Appreciation Bond on each compounding date prior to maturity.

Payment. The principal or Accreted Value of the Bonds (including either the payment upon maturity or early redemption) is payable in lawful money of the United States of America to the registered owner (the "Owner") thereof upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest on the Current Interest Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Paying Agent

Zions Bancorporation, National Association, Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry only method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

Neither the Paying Agent, the District, the County, nor the Underwriter of the Bonds have any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2029*, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2030*, may be redeemed 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, 2029*, at a redemption price equal to (i) the principal amount of Bonds called for redemption which are Current Interest Bonds, together with interest accrued thereon to the date of redemption, without premium, or (ii) the Accreted Value calculated of Bonds called for redemption which are Capital Appreciation Bonds, calculated to the date of redemption, without premium

Mandatory Sinking Fund Redemption*. The Bonds maturing on [August 1, 20__, and August 1, 20__] (the "Term Bonds"), are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective amounts as set forth in the following schedules, at a redemption price equal to 100% of the principal amount or Accreted Value thereof to be redeemed, without premium:

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Accreted Value to be Redeemed
	$
†	

† Maturity

The principal or Accreted Value to be redeemed in each year as shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Bonds will be redeemed as directed by the District. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner determined by the District. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of $5,000 principal or Accreted Value, which may be separately redeemed.

Notice of Redemption. The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District. Notice of redemption shall be mailed by the Paying Agent, first class postage

* *Preliminary; subject to change.*

prepaid, to the respective Owners of any Bonds designated for redemption at their address appearing on the Registration Books required to be kept by the Paying Agent, not less than thirty (30) nor more than sixty (60) days prior to the redemption date.

Each notice of redemption shall state: (i) the date of such notice, (ii) the name of the Bonds and the date of issue of the Bonds, (iii) the redemption date, (iv) the redemption price, (v) the dates of maturity or maturities of the Bonds to be redeemed, (vi) 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, (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount or Accreted Value/initial principal amount of the Bonds of each maturity to be redeemed, (viii) the CUSIP number, if any, of each maturity of the Bonds to be redeemed, (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such will not accrue or accrete after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure of the Owners of any Bonds or by any securities depository or information service to receive notice of redemption, nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor, and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Bonds called for redemption is set aside, the 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 Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to monies on deposit for that purpose in the respective subaccount of the interest and sinking fund of the District within the San Joaquin County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

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 monies are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal and accreted value of, 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, except with respect to timing requirements. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity, and principal amount of any other authorized denomination upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by irrevocably depositing in trust with the Paying Agent at or before maturity, money or Federal Securities maturing as to principal and interest in such amounts and at such times as will, in the opinion of a certified public accountant, provide money sufficient to pay the accreted value or redemption price of the Bonds to be paid or redeemed, as such accreted value or redemption price become due. "Federal Securities" means United States Treasury notes, bonds, bills, or certificates of indebtedness (including zero interest bearing State and Local Government Series) or obligations issued by any agency or department of the United States, which are secured, directly or indirectly, by the full faith and credit of the United States (including obligations issued or held in book-entry only form on the books of the Department of the Treasury of the United States of America), and which are not callable by the issuer thereof prior to maturity.

Unclaimed Monies

Any money held in any fund or by the Paying Agent in trust for the payment of the Bonds and remaining unclaimed for one year after such Bonds have become due and payable (whether at maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund of the District for payment of any outstanding Bonds of the District payable from said fund; or, if no such Bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

DEBT SERVICE SCHEDULES

Annual debt service on the Bonds, assuming no early optional redemptions, is shown in the following tables.

GENERAL OBLIGATION BONDS, 2010 ELECTION, 2022 SERIES D

Annual Debt Service

Period Ending (August 1)	Current Interest Bonds		Capital Appreciation Bonds	Total Debt Service
	Principal	Interest	Accreted Value	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
TOTAL				

2022 GENERAL OBLIGATION BONDS, SERIES A
(Federally Tax-Exempt)

Annual Debt Service

Period Ending	Current Interest Bonds		Capital Appreciation Bonds	Total Debt Service
(August 1)	Principal	Interest	Accreted Value	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
TOTAL				

2022 GENERAL OBLIGATION BONDS, SERIES B
(Federally Taxable)

Annual Debt Service

Period Ending (August 1)	Current Interest Bonds		Capital Appreciation Bonds	Total Debt Service
	Principal	Interest	Accreted Value	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
TOTAL				

Other General Obligation Bonds

In addition to the Bonds described herein, the District has issued the following series of outstanding general obligation bonds secured by *ad valorem* property taxes levied upon all property subject to taxation by the District:

2010 Authorization. At an election held on November 2, 2010, the District received voter authorization to issue up to $35,400,000 in aggregate principal amount of general obligation bonds under the 2010 Authorization. The Series D Bonds to be issued as described in this Official Statement are the fourth and final series of bonds to be issued under the 2010 Authorization and, after their issuance, there will be no remaining issuance authority under the 2010 Authorization.

Series A Bonds. On May 11, 2011, the District issued its General Obligation Bonds, 2010 Election, Series A (the "Series A Bonds") in the aggregate initial principal amount of $6,397,193.50, consisting of $6,085,000 in principal amount of current interest bonds, and $312,193.50 in denominational amount of capital Appreciation Bonds with a maturity value of $1,550,000. $5,585,000 in principal amount of Series A Bonds current interest bonds remain outstanding, with a final maturity on August 1, 2040, and all of the capital appreciation Series A Bonds remain outstanding, with a final maturity on August 1, 2032. The current interest bonds portion of Series A Bonds are being refunded on a current tax-exempt basis with proceeds of the Series A Refunding Bonds, as described herein.

Series B Bonds. On June 6, 2013, the District issued its General Obligation Bonds, 2010 Election, 2013 Series B (the "Series B Bonds") in the aggregate initial principal amount of $22,999,469.90, consisting of $1,700,000 in principal amount of current interest bonds, $14,603,678.45 in denominational amount of capital appreciation bonds with a maturity value of $87,015,000, and $6,695,791.45 denominational amount of convertible capital appreciation bonds with a conversion value of $10,650,000 and a conversion date of August 1, 2023. $710,000 in principal amount of current interest Series B Bonds remain outstanding, with a final maturity on August 1, 2023. All of the capital appreciation Series B Bonds remain outstanding, with a final maturity on August 1, 2052, and all of the convertible capital appreciation Series B Bonds remain outstanding, with a conversion date of August 1, 2023, and a final maturity of August 1, 2043. [A portion of] the outstanding Series B Bonds are being refunded on an advance taxable basis with proceeds of the Series B Refunding Bonds, as described herein. The convertible capital appreciation Series B Bonds will not be refunded.

Series C Bonds. On September 25, 2014, the District issued its General Obligation Bonds, 2010 Election, 2014 Series C (the "Series C Bonds") in the aggregate initial principal amount of $3,814,068.70, consisting of $1,780,000 in principal amount of current interest bonds and $2,034,068.70 in denominational amount of capital appreciation bonds with a maturity value of $4,705,000. All of the principal of the current interest Series C Bonds remains outstanding, with a final maturity on August 1, 2044. Capital appreciation Series C Bonds in a denominational amount of $2,891,081.55 remain outstanding with a maturity value of $4,545,000. [A portion of] the outstanding Series C Bonds are being refunded on an advance taxable basis with proceeds of the Series B Refunding Bonds, as described herein.

Aggregate Debt Service

Debt service on all of the District's outstanding general obligation bonds, including the Bonds, without giving effect to the planned refundings described herein, and assuming no other early optional redemptions, is as shown in the table on the following page.

JEFFERSON SCHOOL DISTRICT
Combined Annual Debt Service Schedule [1]
General Obligation Bonds

Period Ending [2] (August 1)	Series A Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series A Refunding Bonds	Series B Refunding Bonds	Aggregate Annual Debt Service
2022	$ 407,143.76	$ 336,300.00	$ 131,200.00				
2023	422,143.76	406,850.00	151,200.00				
2024	436,143.76	492,530.00	166,200.00				
2025	454,143.76	587,530.00	186,200.00				
2026	470,893.76	692,530.00	206,200.00				
2027	496,393.76	787,530.00	226,200.00				
2028	516,393.76	897,530.00	246,200.00				
2029	541,393.76	1,007,530.00	266,200.00				
2030	566,393.76	1,127,530.00	291,200.00				
2031	591,393.76	1,252,530.00	316,200.00				
2032	616,393.76	1,387,087.50	346,200.00				
2033	642,687.50	1,532,502.50	376,200.00				
2034	671,993.76	1,684,870.00	401,200.00				
2035	703,612.50	1,844,870.00	431,200.00				
2036	732,275.00	2,019,870.00	466,200.00				
2037	767,300.00	2,204,870.00	501,200.00				
2038	798,750.00	2,395,472.50	541,200.00				
2039	836,625.00	2,601,615.50	576,200.00				
2040	870,375.00	2,829,208.10	331,200.00				
2041	--	3,942,720.55	375,800.00				
2042	--	4,258,287.50	403,200.00				
2043	--	4,593,287.50	434,000.00				
2044	--	4,959,790.50	468,000.00				
2045	--	5,365,681.10					
2046	--	5,792,293.50					
2047	--	6,240,209.40					
2048	--	6,720,000.00					
2049	--	7,163,645.40					
2050	--	7,634,831.60					
2051	--	8,145,748.00					
2052	--	8,640,000.00					
Totals	**$11,542,450.12**	**$99,545,251.15**	**$7,838,800.00**				

[1] Totals may not sum due to rounding; does not include the planned refundings described herein.
[2] Period ending August 1 includes February 1 and August 1 debt service payments of the same calendar year (if any).
Source: The District.

PLAN OF FINANCING AND REFINANCING

Application and Investment of Bond Proceeds

The net proceeds from the sale of the Series D Bonds (net of costs of issuance) will be deposited in the San Joaquin County treasury to the credit of the Building Fund of the District (the "Building Fund") See – "Estimated Sources and Uses of Funds" below.

The net proceeds from the sale of the Refunding Bonds will be deposited with the Escrow Agent for the redemption, or defeasance and redemption, of the Refunded Bonds. See below for a more detailed discussion of application and investment of the proceeds of the Refunding Bonds by series.

All funds held by the San Joaquin County Treasurer-Tax Collector (the "County Treasurer") in the Building Fund shall be invested on behalf of the District by the County Treasurer at the County Treasurer's discretion in such investments as are authorized by Section 53601 *et seq*. of the California Government Code, consistent with the investment policy of San Joaquin County. See "SAN JOAQUIN COUNTY INVESTMENT POOL" herein and APPENDIX G – "San Joaquin County Investment Policy and Monthly Investment Report" herein.

Estimated Sources and Uses of Funds

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

Estimated Sources and Uses of Funds

Sources of Funds:	Series D Bonds	Series A Refunding Bonds	Series B Refunding Bonds	Total
Initial Principal Amount of Bonds				
Original Issue [Discount/Premium]				
Total Sources of Funds				
Uses of Funds:				
Deposit to Building Fund				
Deposit to Escrow Fund				
Costs of Issuance [1]				
Total Uses of Funds				

[1] Includes Bond Counsel and Disclosure Counsel fees, underwriter's discount, rating agency fees, Municipal Advisor fees, Paying Agent and Escrow Agent fees, printing fees, municipal bond insurance premium (if any), and other miscellaneous expenses.

Series A Refunding Bonds

The Series A Refunding Bonds are being issued to: (i) refund on a current tax-exempt basis a portion of the outstanding Series A Bonds, as identified in the below table (as to the maturities to be refunded, the

"Refunded Series A Bonds"), and (ii) pay the costs of issuing the Series A Refunding Bonds. The Refunded Series A Bonds are current interest bonds subject to optional redemption on any date on or after August 1, 2021, at a redemption price equal to the principal amount of the Refunded Series A Bonds together with interest accrued thereon to the date of redemption, without premium. The specific maturities of the Refunded Series A Bonds are identified in the following table:

Identification of Refunded Series A Bonds*

Maturity Date (August 1)	CUSIP †	Principal Amount	Redemption Date*	Redemption Price (% of Par Amount)
2026(1)	472430 BN6	$ 615,000	February 8, 2022	100.00
2035(1)	472430 BP1	1,565,000	February 8, 2022	100.00
2040(1)	472430 BQ9	3,405,000	February 8, 2022	100.00
Total		**$5,585,000**		

(1) Term Bond.

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The net proceeds of the Series A Refunding Bonds will be transferred to Zions Bancorporation, National Association, as paying agent for the Series A Bonds and used to pay the principal of the Refunded Series A Bonds, as set forth above, together with accrued interest to February 8, 2022*, on which date the Refunded Series A Bonds will be redeemed in full.

The maturities of the Series A Bonds that are not being refunded pursuant to the plan of refinancing described herein will remain outstanding and are identified in the following table:

* *Preliminary; subject to change.*

Identification of Unrefunded Series A Bonds*

Maturity Date (August 1)	CUSIP †	Initial Denominational Amount	Maturity Value
2022	472430 BF3	$ 39,095.70	$ 105,000
2027	472430 BG1	53,946.00	225,000
2028	472430 BH9	53,789.75	245,000
2029	472430 BJ5	54,283.50	270,000
2030	472430 BK2	49,545.25	295,000
2031	472430 BL0	48,979.20	320,000
2032	472430 BM8	12,554.10	90,000
Total:		**$312,193.50**	**$1,550,000**

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Series B Refunding Bonds

The Series B Refunding Bonds are being issued to: (i) refund, on an advance taxable basis, a portion of the outstanding Series B Bonds, as identified in the below tables (as to the maturities to be refunded, the "Refunded Series B Bonds"), (ii) refund, on an advance taxable basis, a portion of the outstanding Series C Bonds, as identified in the below table (as to the maturities to be refunded, the "Refunded Series C Bonds"),and (iii) pay the costs of issuing the Series B Refunding Bonds.

The Refunded Series B Bonds that are capital appreciation bonds (the "Refunded Series B CABs") are subject to optional redemption on any date on or after August 1, 2023, at a redemption price equal to the Accreted Value of such Refunded Series B CABs as of the date of redemption, without premium. The specific maturities of the Refunded Series B CABs are identified in the following table:

* *Preliminary; subject to change.*

Identification of Refunded Series B Bonds*

Maturity Date (August 1)	CUSIP †	Initial Principal Amount	Redemption Date*	Accreted Value at Redemption*
2022(1)	472430 BZ9	$ 315,000.00	August 1, 2023	N/A
2023(1)	472430 CA3	395,000.00	August 1, 2023	N/A
2025	472430 CJ4	58,288.20	August 1, 2023	$ 95,000
2026	472430 CK1	114,732.00	August 1, 2023	200,000
2027	472430 CL9	158,892.90	August 1, 2023	295,000
2028	472430 CM7	204,824.70	August 1, 2023	405,000
2029	472430 CN5	245,871.30	August 1, 2023	515,000
2030	472430 CP0	281,933.65	August 1, 2023	635,000
2031	472430 CQ8	169,690.95	August 1, 2023	405,000
2034	472430 CR6	453,729.15	August 1, 2023	1,295,000
2035	472430 CS4	479,917.20	August 1, 2023	1,455,000
2036	472430 CT2	505,642.30	August 1, 2023	1,630,000
2042(2)	472430 CD7	2,980,305.90	August 1, 2023	13,695,000
2048(2)	472430 CG0	4,864,998.40	August 1, 2023	32,210,000
2052(2)	472430 CH8	4,084,851.80	August 1, 2023	34,180,000
Total:		**$14,603,678.45**		**$87,015,000**

(1) Current Interest Bonds.

(2) Term Bond.

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The Series B Bonds that are convertible capital appreciation bonds (the "Series B Convertible CABs") The specific maturities of the Refunded Series B Convertible CABs are identified in the following table: The maturities of the Series B Bonds that are not being refunded pursuant to the plan of refinancing described herein, i.e., the convertible capital appreciation bonds (the "Series B Convertible CABs"), and will remain outstanding are identified in the following table:

Identification of Unrefunded Series B Bonds*

Maturity Date (August 1)	CUSIP †	Initial Principal Amount	Conversion Value
2033(1)	472430 CB1	$1,524,607.20	$ 2,360,000
2038(1)	472430 CC9	2,448,669.30	3,905,000
2043	472430 CE5	2,722,514.95	4,385,000
Total:		**$6,695,791.45**	**$10,650,000**

(1) Term Bond.

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CUSIP numbers are provided for convenience of reference only. Neither the District, the Municipal Advisor, nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

The Refunded Series C Bonds that are current interest bonds (the "Refunded Series C CIBs") are subject to optional redemption on any date on or after August 1, 2024, at a redemption price equal to the principal amount of such Refunded Series C CIBs, together with accrued interest to the date of redemption, without premium. The specific maturities of the Refunded Series C CIBs are identified in the following table:

Identification of Refunded Series C CIBs*

Maturity Date (August 1)	CUSIP †	Principal Amount	Redemption Date	Redemption Price (% of Par Amount)
2044[(1)]	472430 DU8	$ 1,780,000	August 1, 2024	100.00
Total		**$ 1,780,000**		

[(1)] Term Bond.

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The Refunded Series C Bonds that are capital appreciation bonds (the "Refunded Series C CABs") are subject to optional redemption on any date on or after August 1, 2024, at a redemption price equal to the Accreted Value of such Refunded Series C CABs as of the date of redemption, without premium. The specific maturities of the Refunded Series C CABs are identified in the following table:

Identification of Refunded Series C CABs*

Maturity Date (August 1)	CUSIP †	Initial Denominational Amount	Redemption Date	Accreted Value at Redemption*
2029	472430 DH7	$ 99,249.15	August 1, 2024	$195,000
2030	472430 DJ3	105,186.40	August 1, 2024	220,000
2031	472430 DK0	110,713.05	August 1, 2024	245,000
2032	472430 DL8	117,312.25	August 1, 2024	275,000
2033	472430 DM6	122,911.95	August 1, 2024	305,000
2034	472430 DN4	125,505.60	August 1, 2024	330,000
2035	472430 DP9	129,085.20	August 1, 2024	360,000
2036	472430 DQ7	133,407.30	August 1, 2024	395,000
2037	472430 DR5	136,963.60	August 1, 2024	430,000
2038	472430 DS3	141,404.20	August 1, 2024	470,000
2039	472430 DT1	143,773.50	August 1, 2024	505,000
Total:		**$1,365,512.20**		**$3,730,000**

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The maturities of the Series C CABs that are not being refunded pursuant to the plan of refinancing described herein and will remain outstanding are identified in the following table:

Identification of Unrefunded Series C CABs*

Maturity Date (August 1)	CUSIP †	Initial Denominational Amount	Maturity Value
2022	472430 DA2	$47,419.80	$60,000
2023	472430 DB0	59,984.80	80,000
2024	472430 DC8	67,628.60	95,000
2025	472430 DD6	77,504.25	115,000
2026	472430 DE4	85,320.00	135,000
2027	472430 DF1	91,547.65	155,000
2028	472430 DG9	96,164.25	175,000
Total		**$525,569.35**	**$815,000**

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2021 CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the District, the Municipal Advisor, nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.*

Series B Escrow Fund Deposit. The District will deliver the net proceeds of the Series B Refunding Bonds to the Paying Agent, as escrow agent, (the "Escrow Agent") for deposit into an escrow fund with two subaccounts, one for each of the Refunded Series B CABs~~,~~ and the Refunded Series C Bonds (together, the "Escrow Funds") established under an escrow agreement between the District and the Escrow Agent.

The amounts deposited into the Escrow Funds will be used to purchase certain noncallable Federal Securities (as such term is defined in the authorizing District resolutions for the Series B Bonds and the Series C Bonds) the principal of and interest on which, together with any moneys deposited in the Escrow Funds and held uninvested as cash, and the interest and earnings on such securities and cash, will be sufficient to enable the Escrow Agent to pay (i) the principal or accreted value of and interest on the Refunded Series B Bonds and Refunded Series C Bonds as the same becomes due prior to the dates of redemption, and (ii) the respective redemption prices of the Refunded Series B Bonds and the Refunded Series C Bonds, on the respective first optional redemption dates therefor.

Escrow Sufficiency

The sufficiency of amount deposited with the Paying Agent for the Refunded Series A Bonds and the securities and/or cash on deposit in the Escrow Funds, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Series A Bonds and to pay the principal or accreted value of and interest on the Refunded Series B Bonds and the Refunded Series C Bonds, as the same become due prior to the respective redemption dates, and to pay the redemption prices of the Refunded Series B Bonds and Refunded Series C Bonds, as applicable and on the respective above-referenced redemption dates, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposits and the applications of funds, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Series A Bonds will be defeased and redeemed, the Refunded Series B Bonds and the Refunded Series C Bonds will be defeased, and the obligation of the County to levy and collect *ad valorem* property taxes for payment thereof will terminate.

See also "MISCELLANEOUS – Escrow Verification."

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for the District's repayment of accreted value of and redemption premium, if any, on the Bonds when due, the Board of Supervisors of the County is empowered and obligated to levy and collect *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When so collected by the County, the tax revenues will be deposited by the County in the Interest and Sinking Fund, which is required to be maintained by the County to be used solely for the payment of general obligation bonds of the District. The Bonds are payable by the District solely from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt (or a pledge of the full faith and credit) or obligation of the County. No funds nor any account of the County are pledged or obligated to repayment of the Bonds. Amounts on deposit in the Interest and Sinking Fund are pledged for the payment of the accreted value of and redemption premium, if any, on the Bonds.

Pledge of Tax Revenues and Statutory Lien

Under State law, school districts may levy *ad valorem* property taxes to pay principal and interest on general obligation bond debt that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such voter-approved general obligation bonds. Moreover, State law provides that the *ad valorem* property taxes may be levied to pay the principal and interest on bonds and for no other purpose. Consequently, under State law the District is not authorized to divert revenue from the *ad valorem* property taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to the Resolutions, the District has pledged revenues from the *ad valorem* property taxes collected from the levy by the Board of Supervisors to the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal of or redemption price of and interest on the Bonds (the "Pledge"). This Pledge is valid and binding from the date of adoption of the Resolutions for the benefit of the owners of the Bonds and successors thereto. The Pledge provides security for the Bonds in addition to the statutory lien described below. The Bonds, secured by the Pledge, are being issued to provide funds for the projects authorized by the voters under Measure "J" and the 2010 Authorization. The amounts held in the Interest and Sinking Fund of the District are immediately subject to this Pledge, and the Pledge constitutes a lien and security interest, pursuant to Section 5451 of the California Government Code, which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors, and all others irrespective of whether those parties have notice of the Pledge and without the need of any physical delivery, recordation, filing, or further act.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the District's payment thereof. Such lien automatically attaches, without further actions or authorization by the District's Board, and is valid and binding from the time the Bonds are delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successors, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

See also, "OTHER LEGAL MATTERS – Possible Limitations on Remedies," herein.

***Ad Valorem* Property Taxation**

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

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

COVID-19 Pandemic

The recent outbreak of a novel strain of coronavirus which causes a respiratory illness known as COVID-19 has been designated a global pandemic by the World Health Organization, and is impacting local and global economies as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including securities markets, in the United States and globally have seen significant recent volatility that have been attributed to coronavirus concerns. The California Department of Public Health and the United States Centers for Disease Control and Prevention have been providing regular updates and guidelines to the public and to State and local governments.

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic situation might have on the District's financial condition or operations, including potential impacts on the assessed values of property within the District or tax collections within the District. See "– Assessed Valuation of Taxable Property" and "– Teeter Plan" below. The District also cannot predict what future impacts the outbreak may have on its operations and budget. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the District or on the District's general fund, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District.

For a discussion regarding other impacts the District may face in connection with the coronavirus pandemic, see APPENDIX A – "THE DISTRICT – Impact to District Operations and Budget Due to COVID-19 Pandemic."

Assessed Valuation of Taxable Property

Taxable property located in the District has a 2021-22 aggregate assessed value of $3,214,199,305. All property (real, personal, and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific, and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described under the heading, "– *State-Assessed Property"* below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that

taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "–*Adjustments of Assessed Valuation*" below.

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

Assembly Bill 102. In 2017, the Legislature passed Assembly Bill 102 ("AB 102"). AB 102 restructured the State Board of Equalization and shifted certain of its duties to two new agencies: the California Department of Tax and Fee Administration ("CDTFA"), and the Office of Tax Appeals. The CDTFA took over certain programs previously handled by the State Board of Equalization, including the Tax Area Services Section, which is responsible for maintaining tax-rate area maps and special district boundary maps. The Office of Tax Appeals took over certain types of appeals on tax and fee matters, such as sales and use tax and other special taxes and fees, however, appeals related to programs under the State Board of Equalization's authority pursuant to the State Constitution will remain with the State Board of Equalization. Pursuant to the State Constitution, and unaffected by AB 102, the State Board of Equalization remains responsible for the review, equalization, or adjustment of property tax assessment and the measurement of county assessment levels and adjustment of secured local assessment rolls.

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

assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

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

Assessed Valuation of Property within the District. Shown in the following table are the assessed valuations for taxable property within the District for fiscal years 2012-13 through 2021-22.

JEFFERSON SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2012-13 through 2021-22

Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	$1,495,010,538	$583,434	$39,959,143	$1,535,553,115	(0.1)%
2013-14	1,612,830,530	253,858	44,242,456	1,657,326,844	7.9
2014-15	1,820,935,046	253,858	45,004,036	1,866,192,940	12.6
2015-16	1,920,608,167	253,858	43,842,651	1,964,704,676	5.3
2016-17	2,005,659,922	176,123	43,639,910	2,049,475,955	4.3
2017-18	2,122,887,684	176,123	37,151,746	2,160,215,553	5.4
2018-19	2,222,723,182	176,123	34,347,973	2,257,247,278	4.5
2019-20	2,566,717,575	176,123	40,959,403	2,607,853,101	15.5
2020-21	2,808,474,542	412,648	55,657,488	2,864,544,678	9.8
2021-22	3,154,498,436	412,648	59,288,221	3,214,199,305	12.2

Source: California Municipal Statistics, Inc.

Property Tax Assessments. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc. In addition, the COVID-19 emergency and its effects could result in

general market declines in property values. It is not possible for the District to make any representation regarding the extent to which such conditions could impact the ability or willingness of property owners within the District to pay property taxes in the future. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*–Adjustments of Assessed Valuation*" below.

Proposition 19. A State constitutional amendment was approved by the State's voters at the November 3, 2020 election, known as "Proposition 19." Proposition 19 amended the State Constitution to permit eligible homeowners to transfer tax assessments anywhere in the State, to narrow existing special rules for inherited properties, and to broaden the scope of triggers for reassessment of properties. (See APPENDIX A – "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS - Article XIIIA of the California Constitution" and "–Proposition 19 Ballot Measure."). The District cannot predict the impact Proposition 19 might have on aggregate assessed value of taxable property in the District.

Adjustments of Assessed Valuation. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the County assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

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

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

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

See APPENDIX A – "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* property taxes.

Assessed Valuation by Jurisdiction. The following table shows the District's fiscal year 2021-22 assessed valuation of property by amount and percentage within the political jurisdictions in the County.

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
Fiscal Year 2021-22 Assessed Valuations by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Tracy	$2,405,590,136	74.84%	$13,746,132,528	17.50%
Unincorporated San Joaquin County	808,609,169	25.16	25,318,523,756	3.19
Total District	**$3,214,199,305**	**100.00%**		
San Joaquin County	$3,214,199,305	100.00%	$90,840,687,074	3.54%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District for the fiscal year 2021-22 tax roll by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
2021-22 Assessed Valuation and Parcels by Land Use

Non-Residential:	**2021-22 Assessed Valuation** [1]	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$168,151,497	5.33%	480	7.41%
Commercial	32,062,811	1.02	42	0.65
Vacant Commercial	10,958,463	0.35	11	0.17
Industrial	148,237,230	4.70	54	0.83
Vacant Industrial	15,702,329	0.50	36	0.56
Recreational	1,848,237	0.06	4	0.06
Government/Social/Institutional	6,991,702	0.22	103	1.59
Miscellaneous	2,318,716	0.07	37	0.57
Subtotal Non-Residential	$386,270,985	12.25%	767	11.84%
Residential:				
Single Family Residence	$2,381,132,190	75.48%	4,726	72.98%
Rural Residential	97,451,118	3.09	188	2.90
2+ Residential Units/Apartments	42,718,464	1.35	23	0.36
Miscellaneous Residential	1,508,929	0.05	46	0.71
Vacant Residential	245,416,750	7.78	726	11.21
Subtotal Residential	$2,768,227,451	87.75%	5,709	88.16%
Total	**$3,154,498,436**	**100.00%**	**6,476**	**100.00%**

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

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Assessed Valuation of Single-Family Homes. The following table shows the distribution of assessed valuation of single-family homes in the District among various categories of value for fiscal year 2021-22, including mean and median value per parcel.

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2021-22

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	4,726	$2,381,132,190	$503,837	$492,475

2021-22 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	5	0.106%	0.106%	$ 186,239	0.008%	0.008%
$50,000 - $99,999	3	0.063	0.169	267,319	0.011	0.019
$100,000 - $149,999	15	0.317	0.487	1,907,109	0.080	0.099
$150,000 - $199,999	51	1.079	1.566	9,025,668	0.379	0.478
$200,000 - $249,999	164	3.470	5.036	37,841,261	1.589	2.067
$250,000 - $299,999	377	7.977	13.013	104,426,296	4.386	6.453
$300,000 - $349,999	436	9.226	22.239	142,054,774	5.966	12.419
$350,000 - $399,999	397	8.400	30.639	149,027,405	6.259	18.678
$400,000 - $449,999	417	8.824	39.463	177,374,860	7.449	26.127
$450,000 - $499,999	584	12.357	51.820	277,741,184	11.664	37.791
$500,000 - $549,999	537	11.363	63.182	281,745,640	11.832	49.623
$550,000 - $599,999	543	11.490	74.672	312,181,810	13.111	62.734
$600,000 - $649,999	443	9.374	84.046	276,392,586	11.608	74.342
$650,000 - $699,999	279	5.904	89.949	187,982,169	7.895	82.236
$700,000 - $749,999	166	3.512	93.462	120,029,652	5.041	87.277
$750,000 - $799,999	89	1.883	95.345	68,915,940	2.894	90.171
$800,000 - $849,999	41	0.868	96.212	33,902,759	1.424	91.595
$850,000 - $899,999	38	0.804	97.017	33,310,029	1.399	92.994
$900,000 - $949,999	29	0.614	97.630	26,681,039	1.121	94.115
$950,000 - $999,999	13	0.275	97.905	12,720,669	0.534	94.649
$1,000,000-and greater	99	2.095	100.000	127,417,782	5.351	100.000
	4,726	100.000%		$2,381,132,190	100.000%	

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

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future may also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows *ad valorem* property tax rates in a typical Tax Rate Area in the District (TRA 4-087) over the five-year period from 2017-18 through 2021-22 (the most recent for which data are available). The 2021-22 assessed valuation of the property within TRA 4-087 is approximately 24.37% of the total assessed value of the District.

JEFFERSON SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 4-087)[1]
Fiscal Years 2017-18 through 2021-22

	2017-18	2018-19	2019-20	2020-21	2021-22
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Jefferson School District	**0.0264**	**0.0273**	**0.0259**	**0.0261**	**0.0250**
Tracy Unified School District	0.0172	0.0162	0.0151	0.0139	0.0137
San Joaquin Delta Community College District	0.0180	0.0225	0.0199	0.0183	0.0163
Total Tax Rate	**$1.0616**	**$1.0660**	**$1.0609**	**$1.0583**	**$1.0550**

[1] 2021-22 assessed valuation of TRA 4-087 is $783,186,781.
Source: California Municipal Statistics, Inc.

Bonding Capacity; SBE Bonding Capacity Waiver

As a California non-unified school district, the District may, under normal circumstances, issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries (such limit is commonly referred to as the District's "bonding capacity"). On May 8, 2013, the State Board of Education, pursuant to its authority granted under Education Code Section 33050 *et seq.*, granted the District a waiver

(the "Waiver") of its bonding capacity limitations, permitting the District to issue bonds, through June 29, 2022, in an amount up to 1.92% of assessed valuation of taxable property in the District.

The District's fiscal year 2021-22 gross bonding capacity under the Waiver is approximately $61,712,626, based on the 2021-22 assessed value of taxable property within the District of $3,214,199,305. Accounting for the District's current outstanding aggregate bond debt of [$32,577,745], before the issuance of the Bonds described herein, the District's net bonding capacity (again, pursuant to the Waiver) is approximately [$29,134,881]. The aggregate principal amount of the Refunding Bonds, once issued, will be counted for purposes of the District's bonding capacity, however, such calculation does not limit the issuance of the refunding bonds.

Property Tax Collections

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

County treasurers prepare the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1 and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches to the delinquent amount. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a redemption penalty accrues at a rate of 1.5% per month of delinquency. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the County.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty and fees attach to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the local court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression can be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or

reduced economic activity as a result of a natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping or outbreak of disease such as the current COVID-19 pandemic. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future, or the or the ability or willingness of the County to maintain the Teeter Plan as now in effect. For more information on the impact of the ongoing coronavirus pandemic, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – COVID-19 Pandemic" and APPENDIX A – "THE DISTRICT– Impact to District Operations and Budget Due to COVID-19 Pandemic." If delinquencies increase substantially as a result of the pandemic or other events, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

For information about the County's current distribution of property taxes, see below under the heading "– Teeter Plan." The property tax collection procedures described above are subject to amendment based on legislation or executive order, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict changes in law or orders of State officials that might occur in the future.

Teeter Plan

The County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701, *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The District's participation in the Teeter Plan makes more certain the availability of sufficient funds for the District's repayment of its general obligation bonds.

So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. Under the statute creating the Teeter Plan, however, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. If the Teeter Plan was terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control or the control of the County, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer

confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies.

Secured Tax Charges and Delinquencies. Historical secured tax levy collections and delinquencies in the District are summarized in the following table. Data for fiscal year 2021-22 are not yet available.

JEFFERSON SCHOOL DISTRICT
(San Joaquin County)
Secured Tax Charges and Delinquencies [1]
Fiscal Years 2013-14 through 2020-21

	Secured Tax Charge	Amount Delinquent June 30	% Delinquent June 30
2013-14	$2,430,706.72	$37,080.98	1.53%
2014-15	2,733,878.60	37,235.83	1.36
2015-16	2,907,968.41	34,954.21	1.20
2016-17	3,022,870.01	41,028.62	1.36
2017-18	3,225,444.30	36,140.56	1.12
2018-19	3,391,681.03	44,138.71	1.30
2019-20	3,980,466.62	75,032.72	1.89
2020-21	4,437,083.66	70,433.08	1.59

[1] 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2021-22 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations, or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

JEFFERSON SCHOOL DISTRICT
Fiscal Year 2021-22 Largest Secured Taxpayers

	Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total [1]
1.	Lennar Homes of California Inc.	Residential Development	$ 99,064,900	3.14%
2.	AG Essential Housing CA 4 LP	Residential Development	60,634,200	1.92
3.	MG Waterstone Apartments LP	Apartments	28,853,432	0.91
4.	Inland Container Corp.	Industrial	26,861,325	0.85
5.	Shea Homes Inc.	Residential Development	22,954,143	0.73
6.	Basalite Concrete Products LLC	Industrial	21,435,739	0.68
7.	Tracy Phase 3 LLC	Residential Development	17,359,215	0.55
8.	Tracy Material Recovery Inc.	Industrial	16,441,325	0.52
9.	LS-Tracy LLC	Residential Development	15,000,000	0.48
10.	Tracy Phase 2 LLC	Residential Development	14,934,799	0.47
11.	Meritage Homes of California Inc.	Residential Development	14,569,920	0.46
12.	Glassfab Tempering Services Inc.	Industrial	12,730,532	0.40
13.	NWPC LLC	Industrial	10,363,863	0.33
14.	Triangle Properties Inc.	Rural/Undeveloped	10,215,673	0.32
15.	Pinderjit S. Sandhu	Agricultural	10,162,893	0.32
16.	Woodside 05N LP	Residential Development	9,229,509	0.29
17.	Ellis Storage LLC	Ellis Storage LLC	8,700,048	0.28
18.	Amanjit Sandhu	Rural/Undeveloped	7,647,537	0.24
19.	TR 120 LLC	Private School	6,651,662	0.21
20.	ASP RWM Properties LLC	Industrial	6,273,061	0.20
			$420,083,776	**13.32%**

[1] 2021-22 local secured assessed valuation: $3,154,498,436.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc., dated November 2, 2021, for debt as of November 30, 2021. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

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

JEFFERSON SCHOOL DISTRICT

Statement of Direct and Overlapping Bonded Debt as of November 30, 2021

2021-22 Assessed Valuation: $3,214,199,305

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/30/21
San Joaquin Delta Community College District	0.033%	$ 6,153,872
Tracy Unified School District	13.897	4,356,015
Jefferson School District	**100.000**	**31,577,746** (1)
City of Tracy Community Facilities District No. 98-1	38.291	10,384,519
City of Tracy Community Facilities District No. 2016-1	100.000	65,310,000
City of Tracy Community Facilities District No. 2016-2	100.000	28,185,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$145,967,152
OVERLAPPING GENERAL FUND DEBT:		
San Joaquin County Certificates of Participation	3.538%	$2,136,952
City of Tracy Certificates of Participation	17.500	2,982,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$5,118,952
OVERLAPPING TAX INCREMENT DEBT:		
Tracy Community Development Project (Successor Agency)	0.959%	$250,011
TOTAL OVERLAPPING TAX INCREMENT DEBT		$250,011
COMBINED TOTAL DEBT		$151,336,115 (2)

(1) Excludes the Series D Bonds and the Refunding Bonds described herein and does not account for the refunding of the Refunded Bonds as described herein.

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

Ratios to 2021-22 Assessed Valuation:

Direct Debt ($31,577,746) 0.98%
Total Direct and Overlapping Tax and Assessment Debt 4.54%
Combined Total Debt 4.71%

Ratio to Redevelopment Incremental Valuation ($14,256,877):

Overlapping Tax Increment Debt 1.84%

Source: California Municipal Statistics, Inc.

SAN JOAQUIN COUNTY INVESTMENT POOL

The following information concerning the County Investment Pool (the "Investment Pool") has been obtained from the County website (https://www.sjgov.org/department/ttc/treasury) and has not been confirmed or verified by the District or the Underwriter. The above website is not incorporated herein by reference. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The District's funds held by the County Treasurer are invested in the Investment Pool. The County Board of Supervisors approved the San Joaquin County Treasurer's 2022 Investment Policy (the "Investment Policy") on December 7, 2021 (See APPENDIX G – "San Joaquin County Investment Policy and Monthly Investment Report"). The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. The objective of the Investment Policy is to enhance the economic status of all participants in the Investment Pool, while protecting the funds held in the Investment Pool. The investing criteria and priorities are (i) the safety of the funds on deposit,(ii) the cash flow demands or liquidity needs of the Investment Pool participants, and (iii) the highest possible yield after first considering the first two objectives of safety and liquidity.

Oversight of the investments is conducted by the Treasurer, with daily, monthly, quarterly, and annual monitoring and reviews to ensure that the assets are protected from loss, theft, or misuse. The Treasurer provides a monthly report to the Board of Supervisors (the "Investment Report"), itemizing and valuing all investments in the Investment Pool. In addition, the County's Treasury Oversight Committee annually reviews and monitors the Investment Policy. All monthly Investment Reports and annual audit reports, are available on-line at www.sjgov.org/department/ttc/treasury/ (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement).

According to the County's most recently available monthly Investment Report, as of December 30, 2021, the Investment Pool contained an amortized book value of $[_____] and a current market value of $[_____]. The Investment Pool's earned accrued interest for the period of $[_____]. As of December 30, 2021, the Investment Pool had a weighted average maturity of [___] days. See APPENDIX G– "San Joaquin County Investment Policy and Monthly Investment Report."

Neither the District, the Municipal Advisor, nor the Underwriter has made an independent investigation of the investments in the Investment Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein.

TAX MATTERS

Tax Exemption. In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however, to certain qualifications set forth below, under existing law, the interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is of the further opinion that interest on the Bonds is exempt from State of California personal income taxes.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Bonds.

The proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of such Bond's maturity date or its call date). The amount of original issue

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Tax Code, or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, future legislative proposals could limit the exclusion from gross income of interest on obligations like the Tax-Exempt Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarifications of the Tax Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel 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 ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Tax 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 Tax 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 Tax-Exempt 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.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds. 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 (an "Annual Report") to the Municipal Securities Rulemaking Board (the "MSRB") by not later than nine months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing with the annual report for the fiscal year ending June 30, 2021, which is due no later than March 31, 2022. The District has also covenanted to provide notice of the occurrence of certain enumerated events ("Listed Events") within ten (10) business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

In the five years preceding the date of this Official Statement, the District timely filed all of its required Annual Reports and notices of Listed Events, in all material respects, required under its outstanding continuing disclosure undertakings pursuant to the Rule. [TO BE CONFIRMED/UPDATED].

The District has developed appropriate written policies and procedures and established periodic training regarding continuing disclosure obligations pursuant to the Rule.

In order to assist it in complying with its disclosure undertakings for its outstanding obligations subject to the Rule, the District has engaged Eastshore Consulting LLC, Oakland, California, to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds (the "Undertaking"). A failure by the District to comply with an Undertaking will not constitute an Event of Default with respect to the Bonds. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned a municipal bond rating of "[__]" to the Bonds, with the understanding that a municipal bond insurance policy insuring the payment, when due, of principal of and interest on the Bonds will be issued by [INSURER] at the time of delivery of the Bonds.

In Addition, S&P has assigned its underlying municipal bond rating of "[__]" to the Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency concerned if, in the judgment of such rating agency, circumstances so warrant. The District undertakes no responsibility either to bring to the attention of the owners of the Bonds any downward revision or withdrawal of any ratings obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

OTHER LEGAL MATTERS

Legality for Investment

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

Absence of Material Litigation

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect thereto. 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 issue the Bonds.

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

Possible Limitations on Remedies

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the district for the adjustment of its debts. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, then the application of *ad valorem* property taxes to pay the Bonds could be stayed during the proceeding (unless they are determined to be "special revenues" within the meaning of the Bankruptcy Code and not derived from District projects), and it is possible that the terms of the Bonds and Resolutions (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the Bankruptcy Code. Bankruptcy courts are courts of equity with broad discretionary powers, and their decisions can be heavily influenced by the facts in a case, including whether commingled *ad valorem* property tax revenues can be identified, and the overall goal of the Bankruptcy Code to facilitate an adjustment of debts. A bankruptcy proceeding, if initiated on behalf of the District, could have an adverse effect on the liquidity and value of the Bonds.

See also, "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS –Pledge of Tax Revenues and Statutory Lien," herein.

The County, on behalf of the District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County investment portfolio, as described in "SAN JOAQUIN COUNTY INVESTMENT POOL" herein and APPENDIX G – "San Joaquin County Investment Policy and Monthly Investment Report" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

MISCELLANEOUS

Underwriting

The Bonds are being purchased for reoffering to the public by RBC Capital Markets (the "Underwriter"), pursuant to one or more Bond Purchase Agreements for the Bonds, by and between the Underwriter and the District (together, the "Bond Purchase Agreements").

The Underwriter has agreed to purchase the Series D Bonds at an aggregate price of $_____ (being equal to the aggregate principal amount of the Series D Bonds ($_____), [plus/less] a [net] original issue [premium/discount] for the Series D Bonds ($_____), less an underwriter's discount of $_____ for the Series D Bonds).

The Underwriter has agreed to purchase the Series A Refunding Bonds at an aggregate price of $_____ (being equal to the aggregate principal amount of the Series A Refunding Bonds ($_____), [plus/less] a [net] original issue [premium/discount] for the Series A Refunding Bonds ($_____), less an underwriter's discount of $_____ for the Series A Refunding Bonds).

The Underwriter has agreed to purchase the Series B Refunding Bonds at an aggregate price of $_____ (being equal to the aggregate principal amount of the Series B Refunding Bonds ($_____), [plus/less] a [net] original issue [premium/discount] for the Series B Refunding Bonds ($_____), less an underwriter's discount of $_____ for the Series B Refunding Bonds).

The Bond Purchase Agreements provide that the Underwriter will purchase all of the Bonds of each respective series and that the Underwriter's obligation to purchase is subject to certain terms and conditions set forth in the respective Bond Purchase Agreements, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

Professionals Involved in the Offering

Lozano Smith, LLP, Sacramento, California, is acting as Bond Counsel, Disclosure Counsel and District Counsel with respect to the Bonds. Eastshore Consulting LLC, Oakland, California, is acting as Municipal Advisor to the District, performing financial advisory services in relation to the sale and delivery of the Bonds. The Municipal Advisor will not participate in the underwriting of the Bonds. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Jones Hall, a Professional Law Corporation, San Francisco, California, is acting as counsel to the Underwriter.

Payment of the fees and expenses of Lozano Smith, LLP, as Bond Counsel and Disclosure Counsel to the District, Jones Hall, a Professional Law Corporation, as counsel to the Underwriter, and Eastshore Consulting LLC, as Municipal Advisor to the District, are contingent upon issuance of the Bonds.

Paying Agent. The District has appointed Zions Bancorporation, National Association, Los Angeles, California (the "Paying Agent"), a national banking association organized under the laws of the United States, to serve as Paying Agent. The Paying Agent is to carry out those duties assignable to it under the Resolution and other documents related to the Bonds. Except for the contents of this section, the Paying Agent has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Resolution or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Paying Agent has no oversight responsibility, and is not accountable, for the use or application by the District of any of the Bonds authenticated or delivered pursuant to the Resolution or for the use or application of the proceeds of such Bonds by the District. The Paying Agent has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the Project, or the investment quality of the Bonds, about all of which the Paying Agent expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Paying Agent may be found at its website at www.zionsbank.com. Neither the information on the Paying Agent's website, nor any links to or from that website, is incorporated as a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

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ADDITIONAL INFORMATION

Brief descriptions or summaries of the District, the Resolutions, the Bonds, and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Resolutions and other documents, agreements, and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive and such summaries, references, and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained at the principal corporate trust office of the Paying Agent.

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

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement have been duly authorized by the District's Board of Education.

JEFFERSON SCHOOL DISTRICT

By:_____

James Bridges, Ed.D., Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the Bonds are necessarily payable from the general fund of the District or from State revenues. Principal of and interest or accreted value on the Bonds is payable from the proceeds of an ad valorem property tax levied and collected by the County for that purpose in accordance with the authorizing law and the Resolutions. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

THE DISTRICT

General Information

The District is an elementary school district located and serving students primarily in the city of Tracy, in San Joaquin County (the "County"), California. The District operates four elementary schools, two of which serve grades kindergarten through eight, one serving grades kindergarten through four, and one serving grades five through eight, with an aggregate enrollment of approximately [2,287] students.

Administration

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three Board members being elected in each even-numbered year. The management and policies of the District are administered by the Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Pete Carlson	[____]	2024
Brian Jackman	[____]	2022
Phil Raya	[____]	2022
Dan Wells	[____]	2022
Debbie Wingo	[____]	2024

Key Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. The Chief Business Officer reports directly to the Superintendent and is responsible for the management of the District's finances and business operations.

James Bridges Ed.D, *Superintendent*. [BIO TO COME]
Dena Whittington, *Chief Business Officer*. [BIO TO COME]

Impact to District Operations and Budget Due to COVID-19 Pandemic

The outbreak in the early months of 2020 of a novel strain of coronavirus which causes a respiratory illness known as COVID-19, has been designated a global pandemic by the World Health Organization. The global and local response to the pandemic including efforts to prevent or slow transmission of the virus, has impacted local and global economies. The California Department of Public Health, the United States Centers for Disease Control and Prevention, and various local health officials, have been providing regular updates and guidelines to the public and to State and local governments.

Although, to date, widespread administration of vaccinations has slowed the spread of the virus in California and the United States, the outbreak is ongoing and District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict future costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize, and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what long-term impact the COVID-19 pandemic and the school closures and shelter-in place orders by State and local officials in response to the pandemic, might have on the District's ADA, which is the primary factor in determining the amount of funding the District receives from the State. The Bonds are payable from *ad valorem* property taxes. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

In connection with short-term impacts, however, on March 13, 2020, the Governor issued Executive Order N-26-20, providing that school districts in the State that initiate a school closure to address COVID-19 shall continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. Executive Order N-26-20 also provided that statutory mandated maintenance of schools for a minimum of 175 days is waived for school districts that initiate a school closure to address COVID-19.

State and Federal Relief Legislation. On March 16, 2020, and at the request of the Governor, the California Legislature presented two bills for the Governor's signature addressing economic impacts to public school districts resulting from the outbreak, including school closures implemented by school districts in order to slow the spread of the outbreak. On March 17, 2020, both bills, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor. Each bill took effect immediately.

SB 89 amends the Budget Act of 2019 by appropriating $500 million from the State General Fund for any purpose related to the Governor's March 4 Emergency Proclamation. The second bill, SB 117, addresses economic impacts to school districts directly. Among other things, SB 117 provides that, for all

school districts that comply with Executive Order N-26-20, attendance during only full school months from July 1, 2019 to February 29, 2020, inclusive, will be reported for apportionment purposes. SB 117 will also hold harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak. SB 117 will also hold harmless grantees operating After School Education and Safety Programs that are prevented from operating such programs due to COVID-19, and credit such Program grantees with the ADA that the grantee would have received had it been able to operate but for COVID-19. SB 117 also appropriates $100 million from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment or paying for supplies and labor related to cleaning school sites, or both.

Senate Bill 98 ("SB 98"), the education omnibus trailer bill, part of the legislation enacting the 2020-21 State Budget, included an ADA hold-harmless provision, specifying that LCFF funding determinations for the 2020-21 school year will be based on 2019-20 ADA levels.

On December 30, 2020, the Governor unveiled the "Safe Schools for All Plan," pledging to work with the State Legislature to implement up to $2 billion in funding for the safe reopening of schools beginning in February 2021. Funding for the Safe Schools for All Plan was included in the Governor's 2021 State Budget Proposal, released on January 8, 2021, which urged the Legislature to take immediate action on this item, rather than wait until implementation of the 2021 State Budget this summer. (See "STATE BUDGET" in this APPENDIX A.) On March 5, 2021, the Governor signed Assembly Bill 86 (AB 86), the final legislation for the Safe Schools for All Plan, which provides $2 billion for in person instruction grants, and $4.6 billion for expanded learning opportunity grants to local educational agencies. AB 86 went into effect immediately.

To date, Congress has passed a number of relief bills and taken administrative actions in response to the COVID-19 pandemic, including, but not limited to, the following:

- On March 22, 2020, President Trump approved the Major Disaster Declaration for the State of California's COVID-19 pandemic, authorizing federal emergency aid related to COVID-19. Local educational agencies may submit a request for public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19.

- On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "Cares Act"). The Cares Act appropriates approximately $2 trillion in COVID-19-related relief, including $30 billion to education, specifically $3 billion allocated to state governors to be used at their discretion to address the emergency, $13.5 billion for K-12 education, and $14.25 billion for postsecondary institutions. School districts will be able to use their share of the $13.5 billion K-12 education allocation under the Cares Act, which will be based on the proportion of Title I funding received for the most recent fiscal year, for purposes authorized by federal law and other specified uses.

- On December 27, 2020, President Trump signed the 2021 omnibus appropriations bill, which included a $900 billion COVID-19 relief package in addition to its annual federal agency appropriations.

This bill extended the date by which state and local governments, including school districts, must spend CARES Act funding.

- On March 10, 2021, President Biden signed into law the "American Rescue Plan," a $1.9 trillion COVID-19 relief package. The American Rescue Plan provides $168 billion in education funding, including $126 billion for K-12 schools.

District Response and Impacts. In March of 2020, in its own response to COVID-19, and out of concern for the health and safety of its students, staff, and community, the District closed its schools for the remainder of the 2019-20 academic year and implemented a distance learning plan for its students. For the 2021-22 academic year, the District reopened its schools for in-person instruction, pursuant to State and local health guidelines and guidance. [MORE PARTICULAR DISCUSSION TO COME].

In sum, the District has received approximately $[_____] in State and federal relief funding and emergency aid, including under SB 117 and the CARES Act, to address impacts of the COVID-19 outbreak. In addition to funds already received, the District expects to receive approximately $[_____] in additional relief funding in fiscal year 2021-22. The relief funding is considered one-time revenues, though certain of the revenues are permitted to be spent in future fiscal years.

While the various State and federal emergency aid have provided some immediate relief to school districts, including the District, the long-term impacts of the COVID-19 outbreak are unknown as the situation continues to progress and evolve.

The District cannot predict whether additional legislation will be enacted in fiscal year 2021-22 or beyond if the COVID-19 pandemic continues or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future. Because the District is funded primarily pursuant to the State's education funding formula known as LCFF, the District's main operating revenues will be impacted by the State's financial position in the current and future fiscal years. Should the pandemic continue and/or escalate into the future, the State's revenues may continue to decline, and a corresponding decline in education funding is possible, but the extent is not fully known at this time. See below under the heading "STATE BUDGET" for information on the State's fiscal year 2021-22 proposed budget.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

Notwithstanding the impacts the coronavirus outbreak may have on the global and national economy, the economy in the State, in the District, or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount.

Employment and Labor Relations

As of July 1, 2021, the District employed [___] certificated employees, [___] classified employees, and [___] management employees. The Jefferson Teachers Association ("JTA") represents the non-management certificated employees of the District. The District's current contract with JTA expires on June 30, 2023. By law, the bargaining unit contract is in effect until a new contract is approved.

District Retirement Systems

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

The District participates in retirement plans with the State Teachers' Retirement System ("CalSTRS"), which covers all full-time District faculty members, and the State Public Employees' Retirement System ("CalPERS"), which covers classified employees. Classified District personnel who are employed more than half of full-time service may participate in CalPERS.

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

District Contributions. The following table sets forth the District's total contributions to CalSTRS and CalPERS for fiscal years 2015-16 through 2020-21, the District's projected contributions for fiscal year 2021-22, and the percentage of the District's audited or estimated/budgeted total general fund expenditures represented by such aggregated contributions. For more information regarding the District's retirement benefits obligations, see APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021, Note 11 – Pension Plans."

JEFFERSON SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2015-16 through 2021-22

Fiscal Year	District CalSTRS Contributions [1]	District CalPERS Contributions [1]	District Contribution (CalSTRS and CalPERS Combined) as Percentage of Total General Fund Expenditures
2015-16	$ 989,684	$293,227	$18,930,657
2016-17	1,306,101	374,325	21,615,199
2017-18	1,458,168	411,089	22,093,680
2018-19	1,676,466	513,001	23,482,526
2019-20	1,803,482	547,869	23,553,737
2020-21	1,627,617	579,102	23,890,981
2021-22 [2]	[__]	634,774	23,919,481

[1] Reflects data for all District funds, including the District's general fund. Does not include on-behalf payments from the State.
[2] Projected.
Source: The District's Audit Reports for fiscal years 2015-16 through 2020-21; and the District's First Interim Report for fiscal year 2021-22.

CalSTRS. All full-time certificated employees, as well as certain classified employees, are members of CalSTRS. CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "CalSTRS Defined Benefit Program"). The CalSTRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, CalSTRS contribution rates did not vary annually to make up funding shortfalls or assess credits for actuarial surpluses, although the State did, and does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. This surcharge, however, does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the then-Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate then increased by 1.85% beginning in fiscal year 2015-16, and continued to increase through 2020-21, as further described below.

AB 1469 also increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012, and 9.205% of pay for members hired on or after January 1, 2013, effective July 1, 2016. For fiscal year commencing July 1, 2020, the contribution rate will be

10.250% for employees hired before December 31, 2012 and 10.205% employees hired after such date. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 8.328% of payroll in fiscal year 2020-21, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 10.828%.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for CalSTRS to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the State Teachers Retirement Board (the "STRS Board") upon recommendation from its actuary.

Pursuant to AB 1469, increases in school districts' contribution rates were phased-in over a seven-year period starting July 1, 2014, through July 1, 2020. Starting in 2021-22, the AB 1469 provides the CalSTRS Board limited authority to adjust the employer contribution rate, if necessary, to fully fund the remaining unfunded liability by 2046. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. The phased-in rate increases from fiscal year 2014-15 through 2020-21, and projected for 2021-22 and 2022-23, are shown in the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
CalSTRS (Defined Benefit Program)

Effective Date	Employer Contribution Rate [1]
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 [2]
July 1, 2020	16.15 [3]
July 1, 2021	16.92 [4]
July 1, 2022	18.10 [4]

[1] Expressed as a percentage of covered payroll.
[2] The 2019-20 State Budget provided supplemental payments to CalSTRS, reducing the employer contribution rate from 18.13% to 17.10% for fiscal year 2019-20.
[3] The 2020-21 State Budget reallocated the supplemental State payment allocated in the 2019-20 State Budget, to instead be used solely to reduce employer contribution rates, to approximately 16.15% in fiscal year 2020-21.
[4] Pursuant to CalSTRS Employer Directive 2021-05, dated June 9, 2021.
Source: CalSTRS, AB 1469, the 2019-20 State Budget, and the 2020-21 State Budget.

The District's total employer contributions to CalSTRS for fiscal years 2015-16 through 2020-21 were equal to 100% of the required contributions for each year. Due to the expected increase in employer contribution rates under AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalPERS. The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws.

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

Active plan members hired before January 1, 2013, are required to contribute 7.0% of their salary, while members hired after January 1, 2013, contribute at an actuarially determined rate, i.e., the higher of 50% of normal costs of benefits or the actuarially determined rate of 7.00%, which resulted in a 7.00% employee contribution rate in both fiscal years 2019-20 and 2020-21. (See discussion of rates in *"California Public Employees' Pension Reform Act of 2013"* below.) The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration (the "CalPERS Board").

School districts are required to contribute to CalPERS at an actuarially determined rate, which was 15.531%, 18.062%, and 19.721% of eligible salary expenditures for fiscal year 2017-18, 2018-19, and 2019-20, respectively. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the employer contribution adopted for fiscal year 2020-21 was 22.68%, and the employer contribution rate projected for fiscal year 2021-22 was 25.2%, with annual increases thereafter, resulting in a projected 27.6% employer contribution rate for fiscal year 2026-27. State legislation enacting the 2020-21 State Budget, however, reallocated State contributions to the Schools Pool, resulting in adjusted CalPERS employer contribution rates reduced from the adopted/projected rates, to 20.70% in fiscal year 2020-21 and 22.90% in fiscal year 2021-22.

Employer contribution rates for 2020-21 and projected through 2026-27 are shown in the following table.

EMPLOYER CONTRIBUTION RATES
CALPERS

Fiscal Year	Employer Contribution Rate [1]
2020-21	20.7%
2021-22 [2]	22.9
2022-23 [2]	26.1
2023-24 [2]	27.1
2024-25 [2]	27.7
2025-26 [2]	27.8
2026-27 [2]	27.6

Note: The CalPERS Board is expected to approve official employer contribution rates for each fiscal year, during the preceding fiscal year.
[1] Expressed as a percentage of covered payroll.
[2] Projections adopted by PERS Board on April 19, 2021.
Source: CalPERS

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2020 (the "2020 CalPERS Schools Pool Actuarial Valuation"), was presented in summary form to the CalPERS Board on April 19, 2021, and such summary reported an actuarial accrued liability of $104.06 billion with the market value of assets at $71.4 billion, and a funded status of 68.6%. The actuarial funding method used in the 2020 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method." The 2020 CalPERS Schools Pool Actuarial Valuation as summarized assumes, among other things, 2.50% inflation and payroll growth of 2.75% compounded annually. The 2020 CalPERS Schools Pool Actuarial Valuation as summarized reflects a discount rate of 7.00% compounded annually (net of administrative expenses) as of June 30, 2020. The CalPERS Board adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.625% as of June 30, 2018 to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future.

The District's contributions to CalPERS for fiscal years 2015-16 through 2020-21 equaled 100% of the required contributions for each year. Despite the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS may increase in future fiscal years. The implementation of PEPRA (see – "*California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

Potential Impact of COVID-19 on Pension Liabilities. The economic consequences of the pandemic, including the potential for volatility in the U.S. and global stock markets, could have a material impact on

the investments in the State pension trusts, which could materially increase either or both CalSTRS' and CalPERS' unfunded pension liabilities, which, in turn, could result in material changes to the required employer contribution rates in future fiscal years. As to CalSTRS, however, under existing law, the CalSTRS Board may not increase the employer contribution rate by more than 1% in any fiscal year, up to a maximum employer contribution rate of 20.25%.

The District is unable to predict whether or to what extent its required employer contribution rates, or its proportionate share of net pension liability, in connection with CalSTRS or CalPERS, may be affected by the COVID-19 pandemic.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 ("PEPRA") into law on September 12, 2012. PEPRA affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, PEPRA changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also implemented certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in Social Security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB 67 and 68. In June 2012, GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaced the requirements of Statement Number 27, Accounting for Pensions by

State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014.

As of June 30, 2021, the District's proportionate share of net CalSTRS pension liability was $18,666,663, and the District's proportionate share of net CalPERS pension liability was $5,916,581. The District's proportionate share of net pension liability for each plan is based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. For further information regarding the District's net pension liability, see also APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021, Note 11 – Pension Plans."

Other Post-Employment Benefits

In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the District provides certain post-retirement healthcare benefits ("OPEB"), in accordance with District employment contracts. The District's Other Post-Employment Benefits Plan (the "Plan") provides for medical, vision, and dental insurance benefits to eligible retirees and their spouses. For fiscal year 2020-21, the District paid $116,308 in benefits. As of June 30, 2021, membership in the Plan consisted of nine retirees or beneficiaries currently receiving benefits, and two active employees.

OPEB Liability. Beginning in fiscal year 2017-18, the District was required to implement GASB Statement Number 75, which replaced GASB Statement Number 45 as the accounting standard for OPEB plans. The OPEB liability figures provided below are based on actuarial assumptions used an actuarial valuation of June 30, 2019, per GASB Statement Number 75.

The District participates in an irrevocable trust administered by the County Treasurer, and the District's fiduciary net position in said trust offsets the District's total OPEB liability pursuant to GASB Statement Number 75. As of June 30, 2021, The District's total OPEB liability was calculated to be $844,311, and its net OPEB liability was $762,004, taking its fiduciary net position of $82,307 into account.

For a description of the District's actuarial methods and assumptions with respect to the OPEB plan, see APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021- Note 10, Postemployment Benefits Other Than Pensions (OPEB)" herein.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District contracts with four joint powers authorities for provision of liability, property, and workers' compensation insurance coverage, including the Self-Insured Schools of California (SISC), San Joaquin County School Workers' Compensation Group, San Joaquin County Schools Property and Liability Group, and Norcal ReLief.

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from the District's Audit Report and, in some cases, from unaudited information provided by the District's business office. See APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021."

State Funding of Education

The following information concerning the State's funding of education and the State budget process has been compiled from publicly available information provided by the State. Neither the District, the Municipal Advisor, nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

Revenue Limit Funding. Prior to fiscal year 2013-14, school districts operated under general purpose revenue limits established by the California Department of Education. In general, revenue limits were calculated for each school district by multiplying the average daily attendance ("ADA") for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts are funded based on uniform funding grants assigned to certain grade spans.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("A.B. 97"), enacted as part of the 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. Certain provisions of A.B. 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("S.B. 91").

The primary component of AB 97 is the implementation of the Local Control Funding Formula ("LCFF"). Beginning in fiscal year 2013-14, the bulk of funding for school districts is being provided on the basis of target base funding grants per unit of ADA (each, a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst's Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately $18 billion more than what was spent on

education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was projected to be implemented over a span of eight fiscal years, during which time school districts would receive annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district was expected to see the same proportion of their funding gap closed, with dollar amounts varying depending on the size of district's funding gap. The State cost to fund the LCFF in each fiscal year fluctuated depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues. The LCFF achieved full implementation ahead of schedule in fiscal year 2018-19.

The adjusted Base Grants, per unit of ADA for fiscal year 2020-21, are as follows: (a) a Target Base Grant for each LEA equivalent to $8,503 per ADA for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,818 per ADA for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $8,050 per ADA for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to $9,572 per ADA for grades 9 through 12. The amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants, however, will be subject to the discretion of the State. The Base Grants for grades K-3 and 9-12 are subject to increases of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools. Following full implementation of the LCFF in 2018-19, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

The 2020-21 State Budget suspended the statutory cost-of-living adjustment in fiscal year 2020-21. For The 2021-22 State Budget includes a cost-of-living adjustment of 4.05%, representing a fiscal year 2020-21 cost-of-living adjustment of approximately 2.3% and a fiscal year 2021-22 cost-of-living adjustment of approximately 1.7%. The 2021-22 State Budget also includes $520 million in Proposition 98 general fund resources to provide a 1% increase in LCFF base funding. Such discretionary increase, together with the compounded cost-of-living adjustment, results in growth of LCFF of 5.07% above the fiscal year 2020-21 levels. For further discussion regarding school funding provisions in either the 2020-21 State Budget or the 2021-22 State Budget, see "STATE BUDGET" in this APPENDIX A.

School districts that serve students of limited English proficiency ("EL" students), students from low-income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals and are therefore not discussed herein separately. AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of

the applicable adjusted Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. In addition, school districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable adjusted Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold. The District's projected 2020-21 EL/LI unduplicated count is [___]% of its projected 2021-22 enrollment.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's reported ADA as of the second principal reporting period (P-2 ADA) for the current or prior year, whichever is greater (with certain adjustments, as applicable). This funding amount, together with any applicable Economic Recovery Target or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain school districts, formerly known as "basic aid" districts and now referred to as "community funded" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District formerly was a revenue limit district and is now referred to as an "LCFF district."

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

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by AB 97. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

The District adopted its annual update to the three-year LCAP for 2021-22, and its Budget Overview for Parents, on June 15, 2021.

District Student Enrollment

District enrollment can fluctuate due to population grown, demographic shifts, economic factors, inter-district transfers in or out of the District, and other factors and conditions occurring in the District's geographic area. Total enrollment in the District has decreased by approximately 7.79% between 2014-15 and 2020-21. The District attributes the declining enrollment to demographic factors in the area of the District, as well as to the COVID-19 pandemic. The District has projected enrollment of [_____] students for fiscal year 2021-22, not including county-instructed students. The following table shows enrollment and ADA history for the District for the previous seven fiscal years, the projected enrollment and ADA for 2021-22, and the total LCFF funding the District was entitled to in each of those fiscal years.

JEFFERSON SCHOOL DISTRICT
Enrollment and Average Daily Attendance (1)
Fiscal Years 2014-15 through 2021-22

Year	TK-3	4-6	7-8	Total ADA (2)	Total Enrollment (3)	Total LCFF Funding
2014-15	927	817	555	2,345	2,425	$15,908,859
2015-16	897	828	557	2,285	2,346	17,519,014
2016-17	888	791	570	2,250	2,317	17,929,296
2017-18	903	757	599	2,260	2,329	18,150,885
2018-19	944	735	587	2,266	2,385	19,593,612
2019-20	903	747	557	2,207	2,287	20,069,499
2020-21 (4)	903	747	557	2,207	2,236	19,876,682
2021-22 (5)				2,160		20,468,946

Note: All amounts are rounded to the nearest whole number.
(1) Except for 2021-22, reflects ADA as of the second principal reporting period (P-2 ADA). Excludes adult education and regional occupational program students.
(2) Total includes extended year special education counts not included in grade-span counts for 2014-15 through 2017-18.
(3) Except for 2021-22, reflects "census day" enrollment figures.
(4) Funded-basis ADA, not actual ADA, per SB 98. See "*Impact to Average Daily Attendance Due to COVID-19 Pandemic*" below.
(5) Projected.
Source: The District.

Impact to Average Daily Attendance Due to COVID-19 Pandemic. SB 117 provided that, for all school districts that complied with Executive Order N-26-20, the 2019-20 average daily attendance ("ADA") was calculated for the purpose of LCFF funding based only on attendance through February 29, 2020. The intended effect of SB 117 was that the abrupt closure of District school campuses, beginning in March 2020 in response to the pandemic, would have little to no impact on the District's ADA for purposes of LCFF

funding for the 2019-20 fiscal year. For 2020-21, Senate Bill 98 ("SB 98"), the education omnibus budget trailer bill enacting, in part, the 2020-21 State Budget, included an ADA hold-harmless provision, specifying that LCFF funding determinations for the 2020-21 school year would be based on 2019-20 ADA levels. Although no relief legislation (including the 2021-22 State Budget legislation) has provided an additional ADA hold-harmless provision for 2021-22, school districts who experience declining ADA in 2021-22 will still be funded based on their 2019-20 funded ADA, due to the existing provisions of the LCFF system which specify that a school district's LCFF allocation for a given year will be based on P-2 ADA for the current or prior year, whichever is greater (see "State Funding of Education – *Local Control Funding Formula*," above). As a result, starting in 2022-23, [and because it is expected that the actual ADA will have declined in the District during the three fiscal years prior to 2022-23, the District may experience a decline in LCFF revenues reflecting such ADA decline. The District anticipates, however, that its general fund balances are sufficient to weather any deficit spending caused by the decline, and expected savings from spending reductions will keep deficit spending to a minimum.] Should the ongoing pandemic continue into the next academic year or beyond, the District's enrollment, or its ADA in future years may be affected. For information on the impact of infectious diseases on the District's ADA, funding, and operations, see "THE DISTRICT – Impact to District Operations and Budget due to COVID-19 Pandemic."

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

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

There are currently no charter schools authorized by the District or located within the District's boundaries.

Revenue Sources

The District categorizes its general fund revenues into four sources: LCFF sources; federal revenues; other State revenues; and other local revenues. Each of these revenue sources is described below.

LCFF Revenues. In fiscal year 2019-20, the District received $20,069,499 from the LCFF or approximately 82.65% of its general fund revenues. For fiscal year 2020-21, the District received $19,876,682 from the LCFF, comprising approximately 79.13% of its general fund revenues. For fiscal year 2021-22, the District has projected to receive approximately $20,468,946 from LCFF sources, which represents approximately 84.90% of its projected 2021-22 general fund revenues.

Federal Revenues. The federal government provides funding for several District programs, such as Title I, Title II, Title III, etc. For fiscal year 2019-20, the District received $696,155 in federal revenues (most of which are restricted) comprising approximately 2.87% of the District's total 2019-20 general fund revenues. for fiscal year 2020-21, the District received $1,590,596 in federal revenues, comprising approximately 6.33% of 2020-21 general fund revenues. For fiscal year 2021-22, the District has projected to receive approximately $855,688 in federal revenues, representing approximately 3.55% of projected 2021-22 general fund revenues.

Other State Revenues. In addition to the LCFF, the District receives other State revenues, such as State Lottery money and CTE grants. These other State revenues are primarily restricted revenues funding certain programs that were excluded from the LCFF's elimination of most categorical funding grants. For fiscal year 2019-20, the District received $2,400,142 from the other State sources, or approximately 9.38% of its total 2019-20 general fund revenues. For fiscal year 2020-21, the District received $2,700,228 from the other State revenues, or approximately 10.75% of its total 2020-21 general fund revenues. For fiscal year 2021-22, the District has projected to receive approximately $2,201,660 from other State revenues, representing approximately 9.13% of its total projected 2021-22 general fund revenues.

Other Local Revenues. In addition to local property taxes, the District receives additional local revenues from items such as the leasing of property owned by the District and interest earnings. For fiscal year 2019-20, the District received $1,117,340 from other local revenues, comprising approximately 4.60% of total general fund total revenues. For fiscal year 2020-21, the District received $952,789 from other local revenues, comprising approximately 3.79% of total general fund total revenues. For fiscal year 2021-22, the District has projected to receive approximately $583,762 from other local revenues, representing approximately 2.42% of its total projected 2021-22 general fund revenues.

Accounting Practices; Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited

financial report for the fiscal year ended June 30, 2021, which is included in this Official Statement as APPENDIX C.

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

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year.

The District's auditor has not been requested to consent to the use or to the inclusion of its report in this Official Statement, and it has not audited or reviewed this Official Statement.

Generally, the District is required by law to provide its annual audit report for the previous fiscal year to the San Joaquin County Superintendent of Schools and to the State by no later than December 15, and thereafter to review its audited financial report after a public meeting to be conducted no later than January 31 following the close of each fiscal year. The District is required by law to review its audited financial report after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The District's most recent completed and approved audit report, for fiscal year 2020-21, was prepared by Christy White, Certified Public Accountants, San Diego, California. The auditor has not participated in the preparation of this Official Statement, and has not provided any update of the financial statements in connection with their inclusion in this Official Statement. See APPENDIX C – "Audit Report of the District for Fiscal Year Ended June 30, 2021." Audited financial statements for the District for the prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

The following table summarizes the audited income and expense statements for the District for fiscal years 2018-19 through 2020-21.

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JEFFERSON SCHOOL DISTRICT
Summary of Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2018-19 through 2020-21 [1]

	Audited 2018-19	Audited 2019-20	Audited 2020-21
Revenues			
LCFF Sources	$19,593,612	$20,069,499	$19,876,682
Federal Revenue	510,044	751,106	1,641,247
Other State Revenue	2,939,618	2,400,142	2,700,228
Other Local Revenue	971,939	1,062,389	902,138
Total Revenues	$24,015,213	$24,283,136	$25,120,295
Expenditures			
Certificated Salaries	$10,588,833	$10,928,657	$10,558,650
Classified Salaries	2,710,591	2,794,802	2,747,554
Employee Benefits	6,212,391	5,881,537	5,533,857
Books and Supplies	1,020,680	775,651	1,887,713
Services and Other Operating Expenditures	2,361,521	2,243,693	2,571,796
Capital Outlay	116,795	435,925	189,124
Other Outgo (excluding transfers of indirect costs)	509,604	527,867	430,374
Transfers of indirect costs	(37,889)	(34,395)	(28,087)
Total Expenditures	$23,482,526	$23,553,737	$23,890,981
Excess (Deficiency) of Revenues Over Expenditures	$ 532,687	$ 729,399	$ 1,229,314
Other Financing Sources and Uses			
Other Sources	--	--	--
Transfers Out	$ (104,407)	$ (84,407)	$ (345,000)
Net Change in Fund Balance	$ 428,280	$ 644,992	$ 884,314
Beginning Fund Balance	$10,035,898	$10,466,924	$11,111,916
Ending Fund Balance	$10,464,178	$11,111,916	$11,996,230

[1] Totals may not add due to rounding.
[2] [FOOTNOTE TO COME – EXPLAIN FUND BALANCE DISCREPANCIES]
Source: District Audit Reports for fiscal years 2018-19 through 2020-21.

District Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. 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 that can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The District is required to maintain a general fund reserve of 3% but because of the uncertainty of State funding, has consistently exceeded that amount in recent years. The District Fund Balance Policy was recently revised by the District's Board to require general fund reserves of at least 10%, in response to increased fiscal uncertainty caused by the COVID-19 pandemic.

The District is required by State law to adopt a final budget by July 1 in each year. The District's 2021-22 budget was adopted by the District's Board on June 15, 2021, and is subject to future adjustment by the District during the 2021-22 fiscal year. Throughout the fiscal year, all revenues and appropriations are subject to review and since the budget must remain in balance, any shortfall in revenues could require a reduction in appropriations.

Reports and Certifications. A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq*.), each school district is required to file two interim certifications, known as the "First Interim Report" and "Second Interim Report," with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the State Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

The District's 2021-22 First Interim Report was approved by the District's Board on December 14, 2021.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. The county superintendent, however, is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State Board of Education or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

The county superintendent must review and approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the district with recommendations for revision. The district is then required

to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the county superintendent no later than October 8. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval. By December 31 of each year, every school district must have an adopted budget, or the county superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, a county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent, and the president of the State Board of Education (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State Board of Education or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. The county superintendent, however, may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

State law requires local governments to maintain a balanced budget and the District anticipates that it will have no difficulty in complying with the State requirement.

The following table summarizes the District's projected general fund revenues and expenditures, per its 2021-22 First Interim Report.

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JEFFERSON SCHOOL DISTRICT
Summary of Projected General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Year 2021-22 [(1), (2)]

Revenues	**First Interim Report 2021-22**
LCFF Sources	$20,468,946
Federal Revenue	855,688
Other State Revenue	2,201,660
Other Local Revenue	583,762
Total Revenues	$24,110,056
Expenditures	
Certificated Salaries	$11,453,938
Classified Salaries	3,114,635
Employee Benefits	5,452,593
Books and Supplies	1,548,540
Services and Other Operating Expenses	4,017,118
Capital Outlay	630,844
Other Outgo (excluding Transfers of Indirect Costs)	635,713
Other Outgo - Transfers of Indirect Costs	(35,000)
Total Expenditures	$26,818,381
Excess (Deficiency) Of Revenues Over Expenditures (before Other Financing Sources and Uses)	$ (2,708,325)
Other Financing Sources/Uses	
Interfund Transfers In	--
Interfund Transfers Out	--
Net Change in Fund Balances	$ (2,708,325)
Fund Balance Beginning [(3)]	$11,926,659
Fund Balance Ending	$ 9,218,334

[(1)] Restricted and Unrestricted General Fund Revenues.
[(2)] Totals may not add due to rounding.
[(3)] Unaudited or budgeted fund balances differ from prior year audited figures due to certain special funds being combined with the general fund for audit reporting purposes, but excluded from the general fund for budgetary reporting purposes.
Source: District's First Interim Report for fiscal year 2021-22.

Long-Term Debt

The District's long-term debt as of June 30, 2021, not including OPEB and pension liabilities discussed elsewhere herein, is summarized below.

JEFFERSON SCHOOL DISTRICT
Long Term Debt

	Balance July 1, 2020	Additions and Accretion	Deductions	Balance June 30, 2021
General Obligation Bonds	$42,052,916	$1,226,384	$477,700	$42,801,597
Compensated Absences - Net	61,786	17,728	--	79,514
Net OPEB Liability	700,311	61,693	--	762,004
Net Pension Liability	23,210,862	1,372,382	--	24,583,244
Total	$66,025,872	$2,678,187	$477,700	$68,226,359

Source: Audit Report of the District for fiscal year ended June 30, 2021.

General Obligation Bonds. In addition to the Bonds to be issued as described herein, the District has other series of general obligation bonds currently outstanding, which are secured by *ad valorem* property taxes upon all property subject to taxation by the District. For a detailed summary of the District's outstanding general obligation bonds, including annual debt service requirements for the District's outstanding general obligation bonds and for the Bonds, see "DEBT SERVICE SCHEDULES – Other General Obligation Bonds" and "Aggregate Debt Service" in the front portion of this Official Statement.

STATE BUDGET

The following information concerning the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantees the accuracy or completeness of this information and have not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

The State Budget Process

According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010, known as "Proposition 25," a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Proposition 98 Education Funding. The Proposition 98 funding amount for education in a given year varies throughout the stages of the budget and appropriation process, from the Governor's January budget proposal to the final adopted budget, and may continue to evolve even through actual expenditures and post-year-end revisions to the prior year budget.

If, at year-end, the guaranteed amount is calculated to be higher than the amount of Proposition 98 funding appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The

Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the California Constitution requires the State to approve a balanced State budget each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009, and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

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

2020-21 State Budget

The Governor signed the final fiscal year 2020-21 State Budget (the "2020-21 State Budget") on June 29, 2020. The 2020-21 State Budget projected the State would close the purported $54.3 billion budget shortfall caused by the COVID-19 recession, which impacted every sector of the State's economy and caused record high unemployment. Notably, with respect to K-12 education, the 2020-21 State Budget includes the following:

- *Local Control Funding Formula*. The 2020-21 State Budget maintains the LCFF at its 2019-20 funding levels, meaning it is neither cut as proposed in the 2020-21 May Revision nor is it increased by a statutory cost-of-living adjustment.

- *Proposition 98 Funding Deferrals*. The 2020-21 State Budget defers $3.428 billion in Proposition 98 funding from fiscal year 2020-21 to fiscal year 2021-22 while creating authority for up to $300 million in deferral hardship funds for local educational agencies that cannot afford deferrals in fiscal year 2019-20 and fiscal year 2020-21. If the State does not receive increased federal funding

by October 15, 2020, $5.7 billion in additional deferrals to K-12 school districts are authorized for fiscal year 2020-21.

- *COVID-19 Closure Costs*. The 2020-21 State Budget allocates $5.3 billion in discretionary state and federal funds for one-time COVID closure impacts on school districts, to address learning loss, including:
    - $1.5 billion to local educational agencies based upon special education enrollment;
    - $2.9 billion to all local educational agencies based upon LCFF supplemental and concentration grant receipts;
    - $979 million to all local educational agencies based on LCFF.
- *Discretionary COVID-19 Relief*. The 2020-21 State Budget allocates $7 billion in discretionary state and federal funds for one-time COVID-19 relief grants.
- *ADA Hold Harmless Provision*. The 2020-21 State Budget includes an ADA hold harmless provision for fiscal year 2020-21 that relies on adjusted ADA for fiscal year 2019-20 to protect school districts from State funding losses in the event in-person instruction does not resume or is suspended based on State, local, or federal guidance. Further, the 2020-21 State Budget establishes guidelines to meet instructional minute requirements through a combination of in-person instruction and distance learning, if warranted.
- *Special Education*. Consistent with the 2020-21 May Revision, the 2020-21 State Budget provides for a new funding formula for special education beginning in fiscal year 2020-21 that includes an ongoing funding increase of $545 million.
- *CalSTRS and CalPERS*. The 2020-21 State Budget applies funding to buy-down employer contribution rates for CalSTRS and CalPERS in fiscal year 2020-21.
- *Certificated and Classified Staff Protections*. The 2020-21 State Budget prohibits school districts from laying off non-management certificated staff during fiscal year 2020-21 and classified staff who hold positions in nutrition, transportation, or custodial services during fiscal year 2020-21.

2021-22 State Budget

Governor's Proposed 2021-22 State Budget. On January 8, 2021, Governor Newsom presented the State budget proposal to the California Legislature for fiscal year 2021-22 (the "Proposed 2021-22 State Budget"). The Proposed 2021-22 State Budget presented $227.2 billion in proposed spending, including $164.5 billion general fund expenditures and $85.8 billion in Proposition 98 funding, and projects $34 billion in total reserves and surplus. The budget proposal included restoration of the State's rainy day fund and economic support reserves that were diminished in the prior year. A surplus of $15 billion, largely in one-time funds, was projected to be available for spending to address COVID-19 and support recovery and resilience.

During his press conference unveiling the Proposed 2021-22 State Budget, the Governor said his budget proposal focused on the "most urgent needs" of Californians, including vaccinations, the safe reopening of schools, support for small businesses, economic stimulus, and wildfire preparedness. The budget proposal features the highest investment ever in public schools, $4.5 billion to accelerate recovery and job creation in the State, $370 million to expedite the delivery of COVID-19 vaccinations, and a $14 billion broad-based recovery package to support businesses, individuals, and job creation both during the pandemic and as the State recovers from the pandemic. The budget proposal also includes $1 billion to reduce wildfire risk and improve forest health, signaling continued focus on managing the State's growing wildfire threats amid the coronavirus pandemic and its economic fallout.

The Proposed 2021-22 State Budget estimated that general fund revenue would be higher than the 2020-21 State Budget projections by nearly $71 billion from 2019-20 through 2021-22. The Governor and his team cautioned that most of this would be one-time funding, and that structural deficits are expected beginning in fiscal year 2022-23 (of $7.6 billion), when the demand on existing State programs will outpace revenue growth. This deficit is forecast to grow to over $11 billion by 2024-25. Given this, the proposal favored the use of surplus funding for one-time purposes, to limit ongoing liabilities.

The Proposed 2021-22 State Budget sought $3.5 billion of pandemic relief for immediate action in January, to include $2.4 billion for the Golden State Stimulus (a $600 State payment to low-income workers who were eligible to receive the earned income tax credit in 2019); an additional $575 million for grants to small businesses and small non-profit cultural institutions disproportionately impacted by the pandemic; and immediate and targeted fee relief for impacted industries, including restaurants and personal services. While this immediate relief package is intended to provide support in the first few months of 2021 to households hardest hit by the pandemic, the Proposed 2021-22 State Budget noted a critical need for more federal relief as the economic impacts of the pandemic are projected to extend beyond the first quarter of 2021.

The Proposed 2021-22 State Budget sought $2 billion in one-time Proposition 98 General Fund grants to local educational agencies (LEAs) for the safe reopening of schools. The Governor requested that the Legislature take immediate action on this item to allow the program to begin in February 2021, prioritizing for returning to in-person instruction the youngest children (transitional kindergarten through 2nd grade) and those with the greatest needs first, then other grade levels through the spring. Following the budget proposal, on March 5, 2021, the Governor signed AB 86 (defined below)—the "Safe Schools for All Plan"—which provides $2 billion for in person instruction grants, and $4.6 billion for expanded learning opportunity grants to local educational agencies. AB 86 went into effect immediately. (See –***Assembly Bill 86*** below.)

The Proposed 2021-22 State Budget included $4.6 billion one-time Proposition 98 General Fund spending for extending learning time, including summer school programs and other strategies to address the pandemic's impacts on student learning, with an emphasis on increasing in-person instructional minutes, evidenced-based interventions, and support to students that are either one-grade-level or credit-deficient in core subject matters.

Assembly Bill 86. On March 4, 2021, the Governor signed into law Assembly Bill 86 ("AB 86"), urgency legislation which provides approximately $6.6 billion to accelerate the return of in-person school instruction and expand student support. Specifically, AB 86 provides $2 billion for in-person instruction grants to local educational agencies (with the exception of non-classroom based charter schools and independent study programs) that can be used for, among other things, personal protective equipment, ventilation upgrades and COVID-19 testing. To qualify for the funding, local educational agencies were required to offer in-person instruction for Kindergarten through second grade, and all grades levels for high-need students, by March 31, 2021, losing 1% of eligible funds for every day thereafter if they did not.

Schools in the Blueprint's red, orange or yellow tiers are required to offer in-person instruction to all elementary grades and at least one middle or high school grade or risk losing the same amount of funding. Local educational agencies forfeited eligibility for all AB 86 funding if they did not resume in-person instruction by May 15, 2021. Funding will be allocated proportionally on the basis of LCFF funding entitlements, determined as of the fiscal year 2020-21 second principal apportionment certification.

The remaining $4.6 billion is allocated for supplemental instruction and support for social and emotional well-being. Schools will be able to use the funds for, among other things, providing more instructional time (including summer school), tutoring, learning recovery programs, mental health services, access to school meal programs, programs to address pupil trauma and supports for credit-deficient students. Funding will be allocated proportionally on the basis of LCFF funding entitlements, determined as of the fiscal year 2020-21 second principal apportionment certification. Local educational agencies will also receive an additional $1,000 for each homeless pupil enrolled in the 2020-21 fiscal year.

AB 86 also codifies several State programs that support the safe reopening of schools, including (i) setting aside 10% of available vaccines for education workers, (ii) COVID-19-related data reporting requirements, and (iii) additional funding for the State's "Safe Schools Team," which provides technical assistance and oversight to schools that experience COVID-19 outbreaks.

May Revision to Proposed 2021-22 State Budget. On May 14, 2021, Governor Newson presented his revision to the January budget proposal to the Legislature, framing the $267.8 billion spending plan as the "California Comeback Plan," referred to herein as the "May Revise." In contrast to economic situation when the 2020-21 State Budget was adopted (the State was then facing a $54.3 billion budget shortfall), the State has seen significant increases in its tax revenues and federal funding. This has resulted in the 2020-21 revenues and transfers being adjusted to $182 billion (an increase of $26.8 billion), with much of those revenue gains carrying-over into the 2021-22 budget year.

The Constitution sets a minimum annual funding requirement for schools and community colleges under Proposition 98, and budget reserves and debt payments under Proposition 2. Due to the significant increases in the State's revenues and the constitutionally-required minimum annual funding requirement, the May Revise proposed that the State would deposit $7.6 billion in the Budget Stabilization Account and spend $3.4 billion to pay down debt, as required by Proposition 2.

The May Revise also changed the Proposition 98 funding described in the Proposed 2021-22 State Budget. It increased the minimum guarantee to $93.7 billion (pupil spending will increase to $13,977 per student); reduced supplemental payments in 2021-22 by $2.3 billion; and increased Proposition 98 funding by $15.4 billion. The May Revise also projected a $4.6 billion increase in the Proposition 98 reserve deposit due to higher estimates of capital gains revenues. As a result of the projected increase, the school district reserve caps would be triggered beginning in fiscal year 2022-23.

California will receive approximately $27 billion of Coronavirus State Fiscal Recovery Funds from the American Rescue Plan ("ARP"), and $550 million in Coronavirus Capital Project Funds from the ARP. The Governor proposed to use $1.5 billion to pay for the State's share of direct COVID-19 2019 expenditures; $5.5 billion for broadband access, affordability and infrastructure; approximately $5 billion for housing and homelessness; and $3.6 billion for higher education.

2021-22 State Budget. The final State Budget for fiscal year 2021-22 (the "2021-22 State Budget") was signed by the Governor on July 12, 2021. The 2021-22 State Budget reflects the State's strong fiscal position amid the economic recovery from the COVID-19 pandemic. Reflecting continued fiscal caution, however, 85% of discretionary funds are allocated to one-time spending in order to support recovery while avoiding overcommitting future revenues. Though the budget is balanced ,economic risks remain an ongoing concern, including the risk of significant stock market declines, which would reduce State revenues. The 2021-22 State Budget acknowledges such risks and includes a phase-in of certain investments that can be adjusted annually through the budget process.

The 2021-22 State Budget projects that total resources available in fiscal year 2020-21 will be approximately $194.3 billion, including revenues and transfers of approximately $188.8 billion and a prior year balance of approximately $5.6 billion, and total expenditures in fiscal year 2020-21 will be approximately $166.1 billion. The 2021-22 State Budget projects total resources available for fiscal year 2021-22 of approximately $203.6 billion, inclusive of revenues and transfers of approximately $175.3 billion and a prior year balance of approximately $28.2 billion. The 2021-22 State Budget projects total expenditures in fiscal year 2021-22 of approximately $196.4 billion, inclusive of non-Proposition 98 expenditures of approximately $130.1 billion and Proposition 98 expenditures of approximately $66.4 billion. The 2021-22 State Budget includes $25.2 billion in reserves in fiscal year 2021-22 and allocates reserves as follows: approximately $15.8 billion in the State Rainy Day Fund for fiscal emergencies, approximately $900 million in the Safety Net Reserve, approximately $4.5 billion in the Proposition 98 Rainy Day Fund (Public School System Stabilization Account), and approximately $4.0 billion in the State's SFEU. In addition, the 2021-22 State Budget allocates approximately $3.2 billion of the State's general fund balance in fiscal year 2021-22 to the State's Reserve for Liquidation of Encumbrances.

The 2021-22 State Budget allocates resources to continue to pay down the State's long-term retirement liabilities, with $3.4 billion in payments required by Proposition 2 in fiscal year 2021-22, plus $7.9 billion in additional payments over the next three years. The improved revenue forecast also allows for the 2021-22 State Budget to eliminate $2.0 billion in program suspensions enacted in prior budgets. The 2021-22 State Budget also completely pays off Proposition 98 deferrals that were implemented in fiscal year 2020-21 as a strategy to avoid reductions to school spending. By paying off Proposition 98 deferrals, the 2021-22 State

Budget provides greater cash flow stability to school districts, which may alleviate the need for school districts to continue borrowing funds to support programmatic needs. The 2021-22 State Budget projects that the State will be below its appropriations limit (referred to as the "Gann Limit") for fiscal years 2020-21 and 2021-22, based in part on statutory changes enacted as part of the 2021-22 State Budget that more accurately account for selected expenditures under both State and local limits and revised the level of excluded spending. The State's estimate of its appropriations for fiscal years 2020-21 and 2021-22 will continue to be revised until May 2023.

The 2021-22 State Budget includes total funding of $123.9 billion for all K-12 education programs, including $65.5 billion from the State's general fund and $58.4 billion from other funds, which is the highest level of funding for school districts in California's history. Per-pupil funding is also at the highest levels for school districts in California's history, totaling $13,976 per pupil in Proposition 98 funding and $21,555 per pupil when accounting for all funding sources.

Certain budgeted programs and adjustments for K-12 education set forth in the 2021-22 State Budget include the following:

- *Proposition 98 Minimum Guarantee*. The 2021-22 State Budget projects increased Proposition 98 funding, resulting in funding estimates of $79.3 billion in fiscal year 2019-20, $93.4 billion in fiscal year 2020-21, and $93.7 billion in fiscal year 2021-22, due to a significant increase in projected revenues for fiscal years 2020-21 and 2021-22. Such funding represents a historically high three-year increase in the minimum guarantee of $47 billion over the level funded in the fiscal year 2020-21 State budget.

- *Proposition 98 Rainy Day Fund (Public School System Stabilization Account)*. The 2021-22 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund between fiscal years 2020-21 and 2021-22 for a total account balance of $4.5 billion at the end of fiscal year 2021-22. The balance of $4.5 billion in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23.

- *Local Control Funding Formula*. The 2021-22 State Budget includes a LCFF cost-of-living adjustment of 4.05%, representing a fiscal year 2020-21 cost-of-living adjustment of 2.31% and a fiscal year 2021-22 cost-of-living adjustment of 1.7%. The 2021-22 State Budget also includes $520 million in Proposition 98 general fund resources to provide a 1% increase in LCFF base funding. This discretionary increase, together with the compounded cost-of-living adjustment, results in growth in the LCFF of 5.07% above the fiscal year 2020-21 levels.

- *Deferrals*. Recession-driven revenue reductions anticipated at the 2020-21 State Budget drove the need to defer LCFF apportionments in the amounts of $1.9 billion in fiscal year 2019-20, and growing to more than $11 billion in fiscal year 2020-21. As noted above, the 2021-22 State Budget eliminates all K-12 deferrals in fiscal year 2021-22.

- *In-Person Instruction and Independent Study*. The 2021-22 State Budget requires that all school districts return to full-time in-person instruction for the 2021-22 school year. In-person instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. To give families a non-classroom-based instruction option, and to provide local educational agencies with an option to generate State funding by serving students outside the classroom, the 2021-22 State Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the State's existing independent study programs.

- *Expanded Learning Time.* The 2021-22 State Budget includes an initial $1.8 billion investment of Proposition 98 general fund resources as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Local educational agencies with the highest concentrations of such students will receive a higher funding rate, and such agencies will be required to offer expanded learning opportunities to the students generating the funds. The 2021-22 State Budget estimates that the Proposition 98 general fund costs to implement this proposal will grow to $5.0 billion by fiscal year 2025-26. Over the implementation period, per pupil funding will increase and more local educational agencies will be expected to expand access to all students.

- *Universal Transitional Kindergarten*. The 2021-22 State Budget includes a series of investments beginning in fiscal year 2022-23 to incrementally establish Statewide transitional kindergarten by fiscal year 2025-26. The costs of this plan are anticipated to be approximately $600 million in general fund resources in fiscal year 2022-23, growing to $2.7 billion in fiscal year 2025-26. In addition, the 2021-22 State Budget includes $200 million of one-time Proposition 98 general fund resources to provide planning and implementation grants for all local educational agencies and $100 million of one-time Proposition 98 general fund resources for local educational agencies to train and increase the number of early childhood educators. The 2021-22 State Budget also proposes new ongoing Proposition 98 general fund resources beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Finally, the 2021-22 State Budget includes $130 million of Proposition 98 general fund resources for State preschool providers to meet the additional demands of providing wraparound care for their income-eligible students under the universal transitional kindergarten program, such funds to be used for additional student access, as well as increasing reimbursement rates to more closely reflect regional differences in the cost of providing care.

- *Comprehensive Student Supports*. The 2021-22 State Budget includes $3.0 billion in Proposition 98 general fund resources, available over several years, to expand and strengthen the implementation and use of the community school model to all schools in communities with high levels of poverty. In addition, the 2021-22 State Budget includes an ongoing increase to the LCFF concentration grant of $1.1 billion in Proposition 98 general fund resources to increase the number of adults providing direct services to students on school campuses, and includes $30 million in one-time Proposition 98

general fund resources for county offices of education to coordinate and provide services to youth in foster care. Finally, the 2021-22 State Budget provides $547.5 million in one-time Proposition 98 general fund resources for the A-G Completion Improvement Grant Program, which will fund high schools to increase the number of students, particularly students eligible for free and/or reduced price meals, English learners, and foster youth, who graduate from high school having completed the A-G series of classes required for admission to the California State University and the University of California.

- *Educator Preparation, Retention, and Training*. To further expand the State's educator preparation and training infrastructure, including to meet the need for additional early childhood educators, the 2021-22 State Budget provides approximately $2.9 billion to support educator initiatives, including approximately $1.0 billion in one-time Proposition 98 general fund resources for educator preparation and approximately $1.9 billion in one-time Proposition 98 general fund resources for educator retention and training.

- *Nutrition*. The 2021-22 State Budget provides an additional $54 million in Proposition 98 general fund resources to reimburse all meals served to students, including for those who would not normally qualify for reimbursement under the State meal program. Beginning in fiscal year 2022-23, all schools will be required to provide two free meals per day to any student who requests a meal, regardless of income eligibility, and all schools eligible for the federal universal meals provision will be required to apply for the program by June 30, 2022 to reduce volatility in costs to the State and to ensure the State is not responsible for costs reimbursable at the federal level. The 2021-22 State Budget estimates costs of $650 million in Proposition 98 general fund resources annually to cover any remaining unreimbursed costs up to the federal free per-meal rate. In addition, the 2021-22 State Budget provides $150 million in one-time Proposition 98 general fund resources for school districts to provide school kitchen infrastructure and equipment upgrades and training for food service employees.

- *Special Education*. The 2021-22 State Budget includes the following for special education programs: approximately $465 million in one-time Proposition 98 general fund resources for local education agencies to provide learning recovery support for students with disabilities and to improve delivery of inclusive practices; approximately $396.9 million in one-time Proposition 98 general fund resources to increase the Statewide base rate for special education funding; approximately $297 million in federal Individuals with Disabilities Education Act funds to support special education programs; approximately $260 million in ongoing Proposition 98 general fund resources to support early intervention services for preschool-aged children; approximately $186.1 million in ongoing Proposition 98 general fund resources to provide a 4.05% cost-of-living adjustment for State special education funding; and approximately $100 million in Proposition 98 general fund resources for alternative dispute resolution of special education services complaints.

- *Career Technical Education*. The 2021-22 State Budget includes an increase of $150 million in ongoing Proposition 98 general fund resources to augment opportunities for local educational agencies to participate in the Career Technical Education Incentive Grant Program, as well as an increase of

$86.4 million in one-time Proposition 98 general fund resources for career technical education regional occupational centers or programs operated by a joint powers authority to address costs associated with the COVID-19 pandemic.

The complete 2021-22 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed herein are reliable, none of the District, the Municipal Advisor or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein.

Additional Information on State Finances

The full text of proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The Legislative Analyst's Office ("LAO") budget overviews and other analyses may be found at www.lao.ca.gov under the heading "Products." In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the

District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County on all property subject to taxation by the District within the boundaries of the District for the payment thereof as described herein, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of Bonds was approved by the voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits 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 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. Determined in this manner, the full cash value is also referred to as the "base year value." 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 has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district, or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax

limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978; or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978; or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. 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.

Legislation Implementing Article XIIIA

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

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

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

Proposition 19 Ballot Measure

A proposed ballot measure on November 2020 Statewide ballot known as "Proposition 19" was approved by the voters. Proposition 19 amends Article XIIIA, to permit eligible homeowners to transfer tax assessments anywhere in the State, narrow existing special rules for inherited properties, and broaden the scope of triggers for reassessment of properties. Any additional revenues and net savings resulting from the ballot measure will be allocated to fire protection services and reimbursing local governments for taxation-related changes. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or assessed valuation of real property in the District.

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions. Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to

taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION - State Funding of Education" herein.

Article XIIIB of the California Constitution

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

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for Fiscal Year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes; (b) appropriations for debt service; (c) appropriations required to comply with certain mandates of the courts or the federal government; (d) appropriations of certain special districts; (e) appropriations for all qualified capital

outlay projects as defined by the State Legislature; (f) appropriations derived from certain fuel and vehicle taxes, and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding A.B.x1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that A.B.x1 27, a companion bill to A.B.x1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 1A and Proposition 22" herein. A.B.x1 27 would have permitted redevelopment agencies to continue operations provided their establishing city or county agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

A.B.x1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("A.B. 1484"), which, together with A.B.x1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to A.B.x1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

The priority among the various types of enforceable obligations is as follows: (1) the first priority for payment is tax allocation bonds issued by the former redevelopment agency; (2) second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; (3) third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; (4) fourth is tax revenues in the Trust Fund in excess of such amounts, if any, and will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the

amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory 2% pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (A.B. 1290, Chapter 942, Statutes of 1993) ("A.B. 1290"), are restricted to educational facilities without offset against State funding. Only 43.3% of A.B. 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

A.B.X1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the county auditor/controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of A.B.X1 26 using current assessed values and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. A.B. 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its funding from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d)

a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budget in a different way than is proposed in the 2018-19 State Budget.

On June 5, 1990, the voters of the State of California approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition

111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

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

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

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

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

(e) *School Funding Guarantee.* There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (i) 40.9% of State general fund revenues (the "first test") or (ii) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (A) the first test; (B) the second test, or (C) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from

the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools (also referred to as a "maintenance factor") that will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to

amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

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

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending in the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (a) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers), (b) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers), and (c) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA are allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as "Proposition 58").

Under Proposition 2, and beginning in Fiscal Year 2015-16 and each fiscal year thereafter, the State is generally required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98— will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with fiscal year 2029-30, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8%

threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Senate Bill 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

Senate Bill 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediate after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of ADA.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

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

Future Initiatives

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

APPENDIX B

COUNTY OF SAN JOAQUIN AND CITY OF TRACY DEMOGRAPHIC INFORMATION

The following information concerning the County of San Joaquin (the "County") and the City of Tracy (the "City" or "Tracy") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of (or a pledge of the full faith and credit of) the County, the City, the State, or any of its political subdivisions and neither the County, the City, the State, nor any of its political subdivisions are liable therefor.

Potential Effects on State and Local Economy Due to Coronavirus Outbreak. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has impacted the economy, including unemployment rates, commerce, financial markets, and travel, among other areas. Certain of the economic data contained in this APPENDIX B, unless otherwise noted, represents annualized data covering periods ending prior to the outbreak of COVID-19, and may not reflect the economic impacts of the coronavirus pandemic. Further, the historical data and results presented in the tables that follow may differ materially from future results due to economic and other factors.

General Information

The District is located in San Joaquin County (the "County"), primarily serving students within the incorporated City of Tracy (the "City").

The County is one of California's original counties and was created at the time of statehood in 1850. The County covers an area of approximately 1,436 square miles, consisting of 1,399 square miles of land and 27 square miles of water. Captain Charles M. Weber was instrumental in developing the City of Stockton as the County Seat and as a Port of Entry. Today, ships still deliver cargo to the Port of Stockton by the channel Captain Weber had dug in the 1800s. The County is adjacent to Stanislaus County to the south and southeast, Alameda and Contra Costa Counties to the west, Sacramento County to the north, Amador County to the northeast, Calaveras County to the east and a corner of Santa Clara County to the southwest.

The City is located in the County, 60 miles east of San Francisco and 70 miles south of Sacramento, covering approximately 14.3 square miles. City services include public safety (police and fire protection), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment. The City was incorporated as a general law city in 1910 and operates under the council-manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of a mayor and a four-member Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney.

Population

Historic population figures for the County, the City, and the State are shown in the following table:

SAN JOAQUIN COUNTY AND CITY OF TRACY
Population Estimates, as of January 1

Calendar Year	City of Tracy	County of San Joaquin	State of California
2011	83,539	692,211	37,561,624
2012	84,357	699,127	37,924,661
2013	85,568	704,615	38,269,864
2014	86,061	711,119	38,556,731
2015	87,194	722,580	38,865,532
2016	88,712	733,728	39,103,587
2017	90,488	744,843	39,352,398
2018	92,395	752,958	39,519,535
2019	94,326	764,373	39,605,361
2020	95,861	773,505	39,648,938
2021	98,601	783,534	39,466,855

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2021, with 2010 Census Benchmark. Sacramento, California, May 7, 2021.

Industry and Employment

The unemployment rate in the County was estimated to be [__]% in December 2021 (not seasonally adjusted), down significantly from the high unemployment rate attributed to the effects of the COVID-19 pandemic, which peaked in the County at [___]% in April, 2020. This compares with an unadjusted unemployment rate of [__]% for California in December 2021, and [__]% (not seasonally adjusted) for the United States for the same period.

The following table summarizes the civilian labor force, employment, and unemployment in the County (specifically, the Stockton-Lodi Metropolitan Statistical Area), for the calendar years 2016 through 2020 (the last year for which data are available). These figures are County-wide statistics and may not necessarily accurately reflect employment trends in the District.

SAN JOAQUIN COUNTY
(STOCKTON-LODI METROPOLITAN STATISTICAL AREA)
Civilian Labor Force, Employment and Unemployment
(Annual Averages, March 2020 Benchmark)[1][2]

Civilian Labor Force [1]	2016	2017	2018	2019	2020
Civilian Labor [2]	318,300	323,200	324,200	326,500	331,800
Employment	292,400	300,400	304,300	306,900	294,500
Unemployment	25,900	22,800	19,900	19,600	37,400
Unemployment Rate	8.2%	7.0%	6.1%	6.0%	11.3%
Wage and Salary Employment [3]					
Agriculture	16,700	16,400	15,600	15,400	14,300
Mining and Logging	100	100	100	100	100
Construction	11,100	11,700	12,800	13,100	12,900
Manufacturing	19,800	20,300	20,600	20,600	20,500
Wholesale Trade	10,700	11,100	11,700	11,600	10,500
Retail Trade	26,500	26,800	26,700	26,200	24,600
Transportation, Warehousing & Utilities	23,000	26,200	28,400	31,300	38,300
Information	2,000	1,800	1,800	1,600	1,200
Financial Activities	7,500	7,800	7,800	7,900	7,800
Professional and Business Services	19,600	19,200	19,600	20,200	21,100
Educational and Health Services	36,400	38,200	38,800	39,100	37,100
Leisure and Hospitality	20,400	21,500	22,000	22,600	18,400
Other Services	7,500	7,600	7,600	7,800	6,700
Federal Government	3,000	3,100	3,100	3,200	3,300
State Government	6,400	6,600	6,700	6,800	6,800
Local Government	31,400	32,800	33,700	34,900	33,100
Total All Industries[4]	242,000	251,100	256,900	262,400	256,600

[1] Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[2] Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[3] Columns may not add to totals due to rounding.

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

The following tables list the major employers in San Joaquin County.

SAN JOAQUIN COUNTY
Major Employers- Listed Alphabetically

Employer Name	Location	Industry
A Sambado & Sons Inc	Linden	Nuts-Edible
Amazon Fulfillment Center	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Dameron Hospital	Stockton	Hospitals
Deuel Vocational Instn Fire	Tracy	Fire Departments
Foster Care Services	Stockton	Government Offices-County
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
Lodi Memorial Hospital	Lodi	Hospitals
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
Pacific Coast Producers	Lodi	Canning (mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Center	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices - County
San Joaquin County Human Svc	Stockton	Government Offices – County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St. Joseph's Cancer Center	Stockton	Cancer Treatment Centers
St. Joseph's Regional Health	Stockton	Hospitals
Stockton Police Dept	Stockton	Police Departments
Stockton Unified School District	Stockton	School Districts
Walmart Supercenter	Stockton	Department Stores

Source: California Employment Development Department, extracted from America's Labor Market Information System (ALMIS) Employer Database 2022 1st Edition.

Commercial Activity

A summary of taxable sales within the County in recent years are shown in the following table.

COUNTY OF SAN JOAQUIN
Taxable Transactions for 2015 to 2020
(Dollars in Thousands)

	Total Retail and Food Services	Total All Outlets
2015	$7,159,024	$10,639,360
2016	7,575,580	11,117,625
2017	8,220,279	12,379,074
2018	8,855,169	13,457,721
2019	9,073,238	14,383,854
2020	10,215,896	15,752,225

Source: California Department of Tax and Fee Administration.

Construction Activity

Building activity for the past six years in the County is shown in the following table.

COUNTY OF SAN JOAQUIN
Building Permit Activity
2015-2020

	2015	2016	2017	2018	2019	2020
Valuation						
Residential	$547,434,803	$633,339,138	$801,460,030	$1,077,745,919	$999,653,932	$949,415,865
Non-Residential	500,627,042	607,993,597	834,552,723	1,019,479,386	926,219,692	958,358,309
TOTAL	$1,048,061,845	$1,241,332,735	$1,636,012,753	$2,097,225,305	$1,925,873,624	$1,907,774,174
Dwelling Units						
Single Family	1,698	1,754	2,078	2,765	2,564	2,843
Multiple Family	387	550	516	593	461	245
TOTAL	2,085	2,304	2,594	3,358	3,025	3,088

Source: California Homebuilding Foundation

Income

Total personal income in the County increased by 78.53% between 2011 and 2020. Per capita personal income in the County grew by 56.70% between 2011 and 2020.

COUNTY OF SAN JOAQUIN
Personal Income (in thousands)
2010-2019

Year	County of San Joaquin	Annual % Change
2010	$22,288,884	--
2011	22,958,164	3.00%
2012	23,706,455	3.26
2013	24,670,582	4.07
2014	26,186,796	6.15
2015	28,217,011	7.75
2016	29,637,817	5.04
2017	30,921,146	4.33
2018	32,419,031	4.84
2019	34,327,494	5.89
2020	39,793,150	15.92

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

COUNTY OF SAN JOAQUIN
***Per Capita* Personal Income (in dollars)**
2010-2019

Year	**County of San Joaquin**	**Annual % Change**
2011	$33,068	--
2012	33,893	2.49%
2013	35,152	3.71
2014	36,816	4.73
2015	39,086	6.17
2016	40,452	3.49
2017	41,601	2.84
2018	43,077	3.55
2019	45,075	4.64
2020	51,816	14.96

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

APPENDIX C

AUDIT REPORT OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF LOZANO SMITH]

_____, 2022

Board of Education
Jefferson School District
1219 Whispering Wind Drive
Tracy, California 95377

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)

$_____
GENERAL OBLIGATION BONDS, 2010 ELECTION,
2022 SERIES D

$_____
2022 GENERAL OBLIGATION REFUNDING BONDS, SERIES A (FEDERALLY TAX-EXEMPT)

$_____
2022 GENERAL OBLIGATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

FINAL OPINION OF BOND COUNSEL

Members of the Board of Education:

We have acted as Bond Counsel to the Jefferson School District (the "District") in connection with the issuance by the District of its Jefferson School District (San Joaquin County, California) General Obligation Bonds, 2010 Election, 2022 Series D, in the aggregate principal amount of $_____ (the "Series D Bonds"), the 2022 General Obligation Bonds, Series A (Federally Tax-Exempt) in the aggregate principal amount of $_____ (the Series A Refunding Bonds"), and the 2022 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of $_____ (the "Series B Refunding Bonds and, together with the Series A Refunding Bonds, the "Refunding Bonds"). The Series D Bonds and the Refunding Bonds are, together, referred to herein as the "Bonds."

The Series D Bonds are issued under Section 53506 *et seq*. of the California Government Code (the "Bond Law") and under a resolution adopted by the Board of Education of the District on January 11, 2022 (the "Series D Resolution"). The Refunding Bonds are issued under issued under the provisions of Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law") and under a resolution adopted by the Board of Education of the District on January

11, 2022 (the "Refunding Bond Resolution" and, together with the Series D Resolution, the "Resolutions").

In such connection, we have examined the Resolutions, the Bond Law, the Refunding Bond Law, the Tax Certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Tax Certificate, the Continuing Disclosure Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, dated _____, 2022.

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

1. The Resolutions have been duly adopted by the Board of Education of the District and each of the Resolutions constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of San Joaquin is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* property taxes, without limit as to rate or amount (except with respect to certain personal

property which is taxable at limited rates), upon the taxable property in the District for the payment when due of principial of, interest on, and accreted value of the Bonds.

3. Interest on the Series D Bonds and the Series A Refunding Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Series D Bonds and the Series A Refunding Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series D Bonds and Series A Refunding Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Lozano Smith, LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

JEFFERSON SCHOOL DISTRICT
(San Joaquin County, California)

$_____
GENERAL OBLIGATION BONDS, 2010 ELECTION,
2022 SERIES D

$_____
2022 GENERAL OBLIGATION REFUNDING BONDS, SERIES A (FEDERALLY TAX-EXEMPT)

$_____
2022 GENERAL OBLIGATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Jefferson School District (the "District") in connection with the issuance of the above-captioned bonds (the "Bonds"). The Bonds are being issued under two resolutions adopted by the Board of Education of the District on January 11, 2022 (the "Resolutions"). The District hereby covenants and agrees as follows:

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

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

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4 hereof.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, Eastshore Consulting LLC, or any successor Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

"*Financial Obligation*" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt

obligation; or (c) a guarantee of either of the foregoing (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

Section 3. **Provision of Annual Reports.**

(a) The District shall provide, or shall cause the Dissemination Agent to provide, to the MSRB in an electronic format as prescribed by the MSRB, not later than nine months after the end of the District's fiscal year (that currently would be March 31), commencing no later than March 31, 2022 with the report for the 2020-21 Fiscal Year, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statement of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

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

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

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statement is not available by the Annual Report Date, then 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 statement shall be filed in the same manner as the Annual Report when it becomes available.

(b) Unless otherwise provided in the audited financial statement filed on or before the Annual Report Date, financial information and operating data with respect to the District for the most recently completed fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement: [TO BE DISCUSSED]

(i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

(ii) pension plan contributions made by the District for the preceding fiscal year;

(iii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;

(iv) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;

(v) the District's total revenue limit for the preceding fiscal year;

(vi) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy;

(vii) current fiscal year assessed valuation of taxable properties in the District; and

(viii) the top twenty taxpayers in the District.

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

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

Section 5. **Reporting of Significant Events.**

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

(1) Principal and interest payment delinquencies.

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

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

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

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

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

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

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

(9) Defeasances.

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

(11) Rating changes.

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

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

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

(15) Incurrence of a Financial Obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District or obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District or obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in sections (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), or (a)(15) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the governing legal documents.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law.

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

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

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

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 Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Eastshore Consulting LLC. Any Dissemination Agent (if not the District) may resign by providing 30 days' written notice to the District.

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

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

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the

former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

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

Section 11. **Default.** If the District fails to comply with any provision of this Disclosure Certificate, 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 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 that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's 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. **Notices.** Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer:	Jefferson School District 1219 Whispering Wind Drive Tracy, CA 95377 Attention: Superintendent
To the Participating Underwriter:	RBC Capital Markets

Two Embarcadero Center, Suite 1200
San Francisco, CA 94111
Attention: Managing Director

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____ **JEFFERSON SCHOOL DISTRICT**

By: _____
Superintendent

Accepted and agreed to as Dissemination Agent:
EASTSHORE CONSULTING LLC

By: _____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Jefferson School District
Name of Bond Issue:	$_____ Jefferson School District (San Joaquin County, California) General Obligation Bonds, 2010 Election, 2022 Series D, & 2022 General Obligation Refunding Bonds
Date of Issuance:	February __, 2022

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 5 of the Continuing Disclosure Certificate dated as of February __, 2022, executed by the District in connection with the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated:[Form only]_____

JEFFERSON SCHOOL DISTRICT

By: [Form Only – no signature required]_____
Authorized Officer

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

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

Neither the District, the Underwriter nor the Paying Agent takes any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited

securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

8. Prepayment proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Paying Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Paying Agent's DTC account.

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

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

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

APPENDIX G

SAN JOAQUIN COUNTY INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT

APPENDIX H

TABLE OF ACCRETED VALUES