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LOS BANOS UNIFIED SCHOOL DISTRICT
GOVERNING BOARD OF EDUCATION
SPECIAL MEETING
Via Zoom
July 14, 2020
5:00 p.m.

AGENDA

Temporary Public Comment Email Established for the Los Banos Unified School District Governing Board Of Education Special Meeting of July 14, 2020.
Emails must be received by 3:00 p.m.

The District has established a temporary email address citizens can use to email comments on any agenda item. All public comments received by July 14, 2020 prior to 3:00 p.m.will be disseminated to all Trustees prior to the meeting so each Trustee can read them prior to the meeting. Comments will not be read during the meeting. Comments submitted prior to the deadline will be available for public viewing on the Los Banos Unified School District website: https://www.losbanosusd.k12.ca.us
The email address for public comment is LBUSDBoard@losbanosusd.net
This meeting will be held via Zoom. Anyone interested in viewing the Los Banos Unified School District Board meeting live stream can do so on YouTube at:
https://youtu.be/7nwu5taxFyY
To subscribe our LBUSD Live Feed Channel, the url is:
https://www.youtube.com/channel/UCCxQo-ZlrYMxPQGQXq9E_WQ?sub_confirmation=1

Since this is a Special Board Meeting, there will be NO Public Comment on non-agenda items.
Please identify the agenda item in the subject line of your email.
The email address for public comment is LBUSDBoard@losbanosusd.net

I. OPENING BUSINESS

A. Call Public Session to Order

B. Roll Call

Margaret Benton	Anthony Parreira
Luis Castro	Anahi Rodriguez
Ray Martinez	Marlene Smith
Gary Munoz	

II. Pledge of Allegiance

III. Approval of Agenda

Motion by _____ Seconded by _____
Proposed Action: Approve Agenda **(ROLL CALL VOTE)**

IV. **OPEN REGULAR MEETING**

1. Resolution #18-20 Authorizing The Issuance And Sale Of Bonds (Pg. 3)

It is recommended the Board adopt Resolution #18-20 Authorizing the Issuance and Sale of Not To Exceed $6,000,000 Aggregate Principal Amount of General Obligation Refunding Bonds Pursuant to a Bond Purchase Agreement, Prescribing the Terms of Sale, Approving the Form of and Authorizing the Execution and Delivery of the Bond Purchase Agreement, an Escrow Agreement, and an Official Statement Relating to the Bonds, and Authorizing the Execution of Necessary Agreements and Other Documents Relating to the Bonds

Motion by _____ Seconded by _____
Proposed Action: Adopt Resolution **(ROLL CALL VOTE)**

2. School Reopening Plan (Pg 157)

It is recommended that the board approve the school reopening plan as presented at the July 9, 2020, board meeting.

Motion by _____ Seconded by _____
Proposed Action: Approve Plan **(ROLL CALL VOTE)**

V. **CLOSED SESSION**

1. Public Employee: Discipline/Dismissal/Release/Reassignment (Section 54957) (No Action)

VI. **ADJOURNMENT**

Americans with Disabilities Act Assistance: Auxiliary aids and services include a wide range of services and devices that promote effective communications to individuals with disabilities. If you require such assistance, please notify the Office of the Superintendent at 826-3801as soon as possible. Every effort will be made to give primary consideration to expressed preferences or provide equally effective means of communication to ensure equal access to District programs and events.

BEFORE THE BOARD OF EDUCATION OF THE
LOS BANOS UNIFIED SCHOOL DISTRICT
MERCED, CALIFORNIA

RESOLUTION NO. **#18-20**

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $6,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING BONDS PURSUANT TO A BOND PURCHASE AGREEMENT, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT, AND AN OFFICIAL STATEMENT RELATING TO THE BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY AGREEMENTS AND OTHER DOCUMENTS RELATING TO THE BONDS

WHEREAS, at an election duly called and regularly held in the Los Banos Unified School District (the "District"), located in the County of Merced (the "County"), on November 7, 1995, the qualified electors of the District authorized the issuance of not to exceed $22,000,000.00 aggregate principal amount of general obligation bonds (the "1995 Authorization") to finance the addition and modernization of school facilities (the "Projects"); and

WHEREAS, in order to provide financing for certain of the Projects, a portion of said authorized bonds in the aggregate initial principal amount of $15,020,000, designated "Los Banos Unified School District General Obligation Bonds, Election of 1995, Series 2002," were issued on May 9, 2002 (the "2002 Bonds"); and

WHEREAS, in order to take advantage of a more favorable cost of borrowing, the then outstanding 2002 Bonds were refunded by the issuance of the District's 2010 General Obligation Refunding Bonds (the "Prior Bonds"), issued on September 30, 2010, in the aggregate initial principal amount of $12,840,000; and

WHEREAS, pursuant to articles 9 and 11 of chapter 3 of part 1 of division 2 of title 5 of the California Government Code, commencing with sections 53550 and 53580, respectively, thereof (the "Refunding Bond Law"), refunding bonds are authorized to be issued to refund bonds issued for the purposes set forth in the ballot measure submitted to the voters; and

WHEREAS, in order to take advantage of a more favorable cost of borrowing, the Board of Education of the District (the "Board") deems it necessary and desirable that the District issue and sell, on its own behalf at a negotiated sale, refunding bonds authorized by the Refunding Bond Law to refund the callable outstanding principal of the Prior Bonds, on a current refunding basis, in a series denominated the "Los Banos Unified School District 2020 General Obligation

Refunding Bonds" (the "Refunding Bonds") in an aggregate principal amount not exceeding $6,000,000, according to the terms and in the manner hereinafter set forth; and

WHEREAS, the Board has selected Stifel, Nicolaus & Company, Incorporated (the "Underwriter") as its Underwriter, and has retained Fieldman, Rolapp & Associates, Inc., as its Financial Advisor; and Lozano Smith, LLP, as its Bond Counsel and Disclosure Counsel, in connection with the issuance of the Refunding Bonds; and

WHEREAS, the District now desires to authorize the issuance and sale of the Refunding Bonds at a negotiated sale pursuant to the terms set forth in this Resolution; and

WHEREAS, the Board has determined that it may be in the best interest of the District to obtain an insurance policy to secure the timely payment of the principal of and interest on the Refunding Bonds; and

WHEREAS, a form of the Bond Purchase Agreement to purchase the Refunding Bonds has been prepared and is on file with the Secretary to the Board; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Refunding Bonds, the Underwriter must have reasonably determined that the issuer or other obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Refunding Bonds to provide disclosure of certain financial and operating information and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the District desires to execute and deliver a Continuing Disclosure Certificate; and

WHEREAS, a form of the Official Statement, in the form of the Preliminary Official Statement, to be distributed in connection with the public offering of the Refunding Bonds has been prepared and is on file with the Secretary of the Board; and

WHEREAS, the Board has obtained from its financial advisor, Fieldman, Rolapp & Associates, Inc., good faith estimates of (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, and (d) the aggregate sum total of all debt service payments made on the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds, and such estimates are disclosed and set forth in ***Exhibit A*** attached hereto; and

WHEREAS, Senate Bill 1029 (Chapter 307, Stats. 2016; "SB 1029") places additional responsibilities on any issuer of public debt, including adopting debt management policies that meet certain criteria; and

WHEREAS, the District is in compliance with SB 1029 pre-issuance requirements, the

Bonds are in compliance with the District's adopted Debt Management Policy, and the District will comply with all post-issuance requirements of SB 1029; and

WHEREAS, a copy of the standard disclosure made by the Underwriter in compliance with Rule G-17 adopted by the Municipal Securities Rulemaking Board has been delivered to the District, a copy of which is on file with the Secretary to the Board; and

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

WHEREAS, the District desires that the County levy and collect a tax on all taxable property within the District sufficient to provide for payment of the Refunding Bonds, and intends by the adoption of this Resolution to notify the Board of Supervisors of the County (the "Board of Supervisors"), the Auditor-Controller of the County, the Treasurer-Tax Collector of the County and other officials of the County that they should take such actions as shall be necessary to provide for the levy and collection of such a tax and payment of the Refunding Bonds, all pursuant to Sections 15250 and 15251 of the California Education Code; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Los Banos Unified School District, as follows:

SECTION 1. Recitals. All of the above recitals are true and correct and the Board so finds.

SECTION 2. Interpretation; Definitions. Unless the context otherwise indicates, words expressed in this Resolution in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes the neuter, masculine or feminine gender, as appropriate. Headings of sections herein are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof. All references herein to "Sections" and other subdivisions are to the corresponding Sections or subdivisions of this Resolution, unless otherwise noted; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular section or subdivision hereof.

Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Resolution have the meanings given them as follows:

"Auditor-Controller" means the auditor-controller of the County.

"Authorized Officers" means, collectively, (i) the President of the Board, or such other member of the Board as the President may designate, (ii) the District's Superintendent, or such other officer or employee of the District as the Superintendent may designate, and (iii) the District's Assistant Superintendent, Administrative Services. Each of the Authorized Officers is an "Authorized Officer."

"Board" means the Board of Education of the District.

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

"Bond Counsel" means Lozano Smith, LLP, or such other firm of nationally recognized standing in the field of law relating to municipal bonds.

"Bond Insurer" means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Refunding Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement relating to the sale of the Refunding Bonds by and between the District and the Underwriter in accordance with the provisions hereof.

"Bond Register" means the records maintained by the Paying Agent for the registration of the ownership and transfer of ownership of the Refunding Bonds.

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

"Closing Date" means the date when the Refunding Bonds are issued, duly authenticated by the Paying Agent, and delivered to the Underwriter.

"Code" or "Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Refunding Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Refunding Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

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

"County" means Merced County, a political subdivision of the State of California.

"Current Interest Bonds" means the Refunding Bonds the interest on which is payable on each Interest Payment Date specified for such Refunding Bonds as designated and maturing in the years and in the amounts set forth in the Bond Purchase Agreement.

"Current Interest Term Bonds" or "Term Bonds" means those Current Interest Bonds, if any, for which mandatory sinking fund redemption dates have been established in the Bond Purchase Agreement.

"District" means the Los Banos Unified School District, a unified school district and a political subdivision of the State.

"DTC" means the Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Refunding Bonds, and its successors and assigns.

"Escrow Agent" means Wells Fargo Bank, National Association, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement relating to the Prior Bonds, by and between the District and the Escrow Agent.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, 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 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.

"Indemnified Parties" shall have the meaning set forth in Section 20 hereof.

"Interest Payment Date" means February 1, 2021 (or such other date as set forth in the Bond Purchase Agreement), and the first day of each succeeding February and August until the final maturity date of Refunding Bonds.

"Official Statement" means the Official Statement of the District relating to the Refunding Bonds.

"Opinion of Bond Counsel" means an opinion of Bond Counsel passing upon such matters as specified in this Resolution.

"Owner" means, with respect to any Refunding Bond, the current registered holder of a Bond or Bonds to whom payments of principal and interest are made.

"Paying Agent" means U.S. Bank National Association, or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent and paying agent for the Refunding Bonds in accordance with Section 10 hereof.

"Preliminary Official Statement" means the Preliminary Official Statement of the District relating to the Refunding Bonds.

"Principal" or **"Principal Amount"** means, with respect to any Refunding Bond, the principal amount thereof.

"Record Date" means, with respect to any Interest Payment Date for the Refunding Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a business day, or such other date or dates as may be set forth in the Bond Purchase Agreement.

"Refunding Bond Law" means Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53550 and 53580, respectively, thereof.

"Refunding Bonds" means the Los Banos Unified School District 2020 General Obligation Refunding Bonds.

"State" means the State of California.

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

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

"Underwriter" means the original purchaser of the Bonds.

"Verification Agent" means Causey Demgen & Moore P.C.

SECTION 3. Purpose of Issuance.

The Refunding Bonds are being issued for the purpose of refunding all or a portion of the Prior Bonds, which refunding is hereby approved. Such refunding shall be accomplished by paying the principal of and interest on the Prior Bonds to be refunded, due and payable through and including the earliest practicable date for which notice of redemption can be given (the "Redemption Date") and redeeming such Prior Bonds to be refunded on the Redemption Date and paying the redemption price therefor, plus accrued interest thereon to the Redemption Date. Pursuant to the redemption provisions of the Prior Bonds to be refunded, such Prior Bonds may be optionally redeemed on any date on or after August 1, 2020.

SECTION 4. Authorization, and Designation of Bonds.

The Refunding Bonds described herein are being issued pursuant to the Refunding Bond Law and other applicable provisions of law. The Board hereby authorizes the issuance and sale of not to exceed Six Million Dollars ($6,000,000) in aggregate principal amount of Refunding Bonds. The Refunding Bonds shall be denominated "Los Banos Unified School District 2020 General Obligation Refunding Bonds," with such further designation therein as may be appropriate for the purpose of distinguishing one type of Refunding Bond from another. The Refunding Bonds shall be issued as Current Interest Bonds (including any Current Interest Term Bonds) in accordance with Section 6 hereof, unless otherwise provided in the Bond Purchase Agreement.

In accordance with Section 53553 of the Refunding Bond Law, with respect to the Refunding Bonds, the Board hereby finds and acknowledges that the costs authorized to be paid from the

proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Sections 53550(e) and (f), and 53587 of the Government Code. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Refunding Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including Education Code Section 15232.

SECTION 5. Form of Bonds; Execution.

(a) *Form of Refunding Bonds*. The Refunding Bonds shall be issued in fully registered form without coupons. The Refunding Bonds and the certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as ***Exhibit B***, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution.

(b) *Execution of Bonds*. The Refunding Bonds shall be signed by the manual or facsimile signature of the President of the Board, and countersigned by the manual or facsimile signature of the Clerk of the Board, who are in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Refunding Bond ceases to be such officer before delivery of the Refunding Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Refunding Bonds to the owner. Any Refunding Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Refunding Bond shall be the proper officers of the District although at the nominal date of such Refunding Bond any such person shall not have been such officer of the District.

(c) *Valid Authorization.* The Refunding Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent. Only such Refunding Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in ***Exhibit B*** executed manually and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of authentication of the Paying Agent shall be conclusive evidence that the Refunding Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

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

SECTION 6. Terms of Bonds.

(a) *Date of Refunding Bonds*. The Refunding Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Agreement.

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

(c) *Maturity.* The Refunding Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as set forth in the Bond Purchase Agreement. No Refunding Bond shall mature later than the final maturity date applicable to the Prior Bonds being refunded with the proceeds of the Refunding Bonds. No Refunding Bond shall have principal maturing on more than one principal maturity date. Any one Refunding Bond may mature in the same year or years as any other Refunding Bond, without limitation.

(d) *Interest.* Subject to Section 12 hereof, the Refunding Bonds shall bear interest at an interest rate not to exceed the maximum rate per annum permitted by law, payable on the Interest Payment Dates in each year computed on the basis of a 360-day year of twelve 30-day months. Each Refunding 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 a 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 Refunding Bond, interest is in default on any outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds.

SECTION 7. Payment of Bonds. (a) *Request for Tax Levy.* The money for the payment of principal, redemption premium, if any, and interest with respect to the Refunding Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the fund established pursuant to Section 15146 of the California Education Code and designated as the "Los Banos Unified School District 2020 General Obligation Refunding Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund"). The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay the principal, redemption premium, if any, and interest on the Refunding Bonds as and when the same become due.

(b) *Principal.* The principal of the Refunding Bonds shall be payable in lawful money of the United States of America to the Owners thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) *Interest; Record Date.* The interest on the Refunding Bonds shall be payable on each Interest Payment Date in lawful money of the United States of America to the Owners thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to each such Owner at such Owner's address as it appears on the Bond Register or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Refunding Bonds who shall

have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date.

(d) *Interest and Sinking Fund.* Principal and interest due on the Refunding Bonds shall be paid from the Interest and Sinking Fund.

(e) *Obligation of the District.* No part of any fund or account of the County is pledged or obligated to the payment of the Refunding Bonds. The obligation for repayment of the Refunding Bonds is the sole obligation of the District, payable solely from taxes levied by the Board of Supervisors pursuant to Section 15250 of the California Education Code.

(f) *Statutory Lien.* Pursuant to Government Code section 53515, general obligation bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax, and such lien automatically arises without the need for any action or authorization by the District or the Board. In addition to any statutory lien, such amounts collected by the County and held by the Treasurer on deposit in the Interest and Sinking Fund are hereby irrevocably pledged to secure the payment of the principal and redemption price of, and interest on, the Bonds, in accordance with Government Code section 5451.

(g) *Insurance.* The payment of principal of and interest on all or a portion of the Refunding Bonds may be secured by a municipal bond insurance policy as shall be described in the Bond Purchase Agreement. The Bond Purchase Agreement may provide that no municipal bond insurance policy shall be obtained.

SECTION 8. Redemption Provisions.

(a) *Optional Redemption.* The Refunding Bonds are not subject to redemption prior to maturity unless otherwise designated in the Bond Purchase Agreement. The Bond Purchase Agreement may provide separate and distinct redemption provisions for the Refunding Bonds. If less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot (or as otherwise set forth in the Bond Purchase Agreement).

(b) *Mandatory Sinking Fund Redemption.* The Refunding Bonds, if any, which are designated in the Bond Purchase Agreement as Current Interest Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Agreement. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Refunding Bonds of that maturity optionally redeemed in accordance with the provisions hereof prior to the mandatory sinking fund payment date. The Bond Purchase Agreement may provide that the Refunding Bonds shall not be subject to mandatory sinking fund redemption.

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

(c) *Satisfaction and Discharge.* The obligations of the District hereunder and under the Refunding Bonds herein or therein made or provided for are to be fully discharged and satisfied as to any Refunding Bond and such Refunding Bond will no longer be deemed to be outstanding and shall be deemed to have been paid for all purposes when:

(i) when such Refunding Bond is canceled or surrendered for cancellation and is subject to cancellation, or has been purchased by the Paying Agent from monies in the Interest and Sinking Fund; or

(ii) as to any Refunding Bond not canceled, surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal of and the applicable premium, if any, on any Refunding Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or by acceleration or otherwise), either (1) has been made or caused to be made in accordance with the terms hereof, or (2) has been provided for by irrevocably depositing with the Paying Agent, in trust, and irrevocably appropriated and set aside exclusively for such payment, either (A) monies sufficient to make such payment or (B) 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 delivered to the Paying Agent, and the District, provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Refunding Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Refunding Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in this Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, or (C) a combination of both such monies and such Federal Securities; and all necessary and proper fees, compensation and expenses of the Paying Agent with respect to such deposit have been paid or the payment thereof has been provided for to the satisfaction of the Paying Agent.

At such time as a Refunding Bond is deemed to be no longer outstanding hereunder, such Refunding Bond shall, except for any payment from such monies or Federal Securities set aside as aforesaid, shall no longer be secured by or entitled to the benefits of this Resolution.

(d) *Unclaimed Monies.* Any money held in any fund created pursuant to this Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal, redemption premium, if any, or interest on the Refunding Bonds and remaining unclaimed for one year after the principal of all of the Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

SECTION 9. Transfer Under Book-Entry System; Discontinuation of Book-Entry System. (a) Unless otherwise specified in the Bond Purchase Agreement, DTC is hereby appointed depository for the Refunding Bonds. The Refunding Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of DTC. One bond certificate shall be issued for each maturity of the Refunding Bonds; provided, however, that if different CUSIP numbers are assigned to Refunding Bonds of the same tenor maturing in a single

year or, if Refunding Bonds of the same tenor maturing in a single year are issued with different interest rates, additional bond certificates shall be prepared for each such maturity. Registered ownership of such Refunding Bonds, or any portion thereof, may not thereafter be transferred except as provided in this Section or Section 11 hereof:

(i) To any successor of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a "substitute depository"); provided, however that any successor of DTC, as nominee of DTC or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the District to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the District can be obtained, or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section, upon receipt of the outstanding Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, a new Refunding Bond for each maturity shall be executed and delivered, in the aggregate principal amount of the Refunding Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) of this Section, upon receipt of the outstanding Refunding Bonds by the Paying Agent together with a written request of the District to the Paying Agent, new Refunding Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District, subject to the limitations of Section 6 hereof and the receipt of such a written request of the District, and thereafter, the Refunding Bonds shall be transferred pursuant to the provisions set forth in Section 11 hereof; provided, however, that the Paying Agent shall not be required to deliver such new Refunding Bonds within a period of less than sixty (60) days after the receipt of any such written request of the District.

(c) In the case of partial redemption of the Refunding Bonds evidencing all or a portion of the principal amount then outstanding, DTC shall make an appropriate notation on the Refunding Bonds indicating the date and amounts of such reduction in principal.

(d) The District and the Paying Agent shall be entitled to treat the person in whose name any Refunding Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the District or the Paying Agent; and the District and the Paying Agent shall have no

responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Refunding Bonds, and neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Refunding Bonds.

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

SECTION 10. Paying Agent.

(a) *Appointment of Paying Agent.* U.S. Bank National Association is hereby designated as Paying Agent for the Refunding Bonds and in such capacity the Paying Agent shall also act as the Bond Registrar. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and even during the continuance of an event of default with respect to the Refunding Bonds, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District a certificate to that effect.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business and having an office in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any company into which the Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet all of the requirements of a successor Paying Agent as provided in the immediately preceding paragraph, shall be the successor to the Paying Agent and vested with all of the powers, discretions, immunities, privileges and other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. The Paying Agent may assign its rights, duties and obligations under this Resolution, in whole or in part, to an affiliate or subsidiary thereof, provided such company shall meet all of the requirements of a successor Paying Agent as provided in the immediately preceding paragraph.

The Paying Agent may at any time resign by giving written notice to the District and the Bond

Owners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

(b) *Paying Agent May Hold Bonds.* The Paying Agent may become the owner of any of the Refunding Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

(c) *Liability of Paying Agent.* The recitals of facts, covenants and agreements herein and in the Refunding Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Refunding Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer in the absence of the negligence or willful misconduct of the Paying Agent.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(d) *Notice to Paying Agent.* The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any

action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

(e) *Compensation; Indemnification.* The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The District further agrees to indemnify and hold the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence, willful misconduct or bad faith.

SECTION 11. Transfer and Exchange.

(a) *Transfer.* Following the termination or removal of DTC or successor depository pursuant to Section 9 hereof, any Refunding Bond may, in accordance with its terms, be transferred, upon the Bond Register, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Refunding Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

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

No transfer of any Refunding Bond shall be required to be made by the Paying Agent (i) during the period established by the Paying Agent for selection of the Refunding Bonds for redemption, and (ii) after any Refunding Bond has been selected for redemption.

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

Whenever any Refunding Bond or Refunding Bonds shall be surrendered for exchange, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5 hereof, a new Refunding Bond or Refunding Bonds of the same maturity and interest payment mode and interest rate for a like aggregate principal amount. The Paying

Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Refunding Bonds shall be required to be made by the Paying Agent (i) during the period established by the Paying Agent for selection of the Refunding Bonds for redemption, and (ii) after any Refunding Bond has been selected for redemption.

SECTION 12. Approval of Bond Purchase Agreement; Sale of Bonds. The Refunding Bonds will be sold by the District at negotiated sale to the Underwriter pursuant to the terms and conditions set forth in a Bond Purchase Agreement substantially in the form on file with the District and presented at this meeting (the "Bond Purchase Agreement"). The form of the Bond Purchase Agreement is hereby approved and an Authorized Officer is hereby authorized to execute the Bond Purchase Agreement, with such changes therein, deletions therefrom, and modifications thereto as the Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (i) the sale of the Refunding Bonds shall produce a net present value savings, (ii) the maximum true interest cost on the Refunding Bonds shall not exceed two and one-half percent (2.5%), (iii) the Underwriter's discount may not exceed one percent (1.0%), excluding costs of issuance and original issue discount, of the aggregate principal or issue amount of Refunding Bonds sold thereunder, and (iv) the Refunding Bonds shall otherwise conform to the limitations specified herein. The Authorized Officer is further authorized, upon the advice of the Financial Advisor, to determine the principal or issue amount of the Refunding Bonds to be specified in the Bond Purchase Agreement for sale by the District, up to an aggregate principal or issue amount not-to-exceed the amount set forth in Section 4 hereof, to modify redemption terms and to enter into and execute the Bond Purchase Agreement, if the conditions set forth in this Resolution are met.

Fieldman, Rolapp & Associates, Inc. has been selected to act as financial advisor (the "Financial Advisor") to the District with respect to the Refunding Bonds, and the law firm of Lozano Smith, LLP has been selected as the District's bond counsel ("Bond Counsel") and disclosure counsel (the "Disclosure Counsel"). Final complete costs of issuance will be determined and presented to the Board following the issuance of the Refunding Bonds.

If it appears in the best interests of the District to acquire municipal bond insurance to secure the payment of principal and interest with respect to the Refunding Bonds, then an Authorized Officer may so provide in the Bond Purchase Agreement.

The Board hereby finds and determines that (i) the prudent management of the fiscal affairs of the District requires that it issue the Refunding Bonds under the provisions of the Refunding Bond Law, and (ii) the sale of the Refunding Bonds at negotiated sale as contemplated herein and by the Bond Purchase Agreement will provide more flexibility in the timing of the sale, and ability to implement the sale in a shorter time period, a reduction in the overall amount of payment, and an increased ability to restructure the Refunding Bonds, all of which will contribute to the District's goal of achieving the lowest overall cost of borrowing in connection with the issuance of the Refunding Bonds.

The Board hereby further finds and determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Refunding Bonds, in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Refunding Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Refunding Bonds.

SECTION 13. Escrow Agreement; Application of Proceeds of Refunding Bonds.

(a) The form of Escrow Agreement, on file with the Secretary of the Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Escrow Agreement, in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) On the Closing Date (i) proceeds from the sale of the Refunding Bonds, in the amount specified in the Bond Purchase Agreement, shall be delivered to the Escrow Agent, for deposit into an escrow fund established under the Escrow Agreement for the defeasance of the Prior Bonds, to be applied to the payment of interest on and optional redemption price of the Prior Bonds, as further set forth in a certificate of an Authorized Officer of the District and the Escrow Agreement, and (ii) certain of the proceeds of the Refunding Bonds, in the amount specified in the Bond Purchase Agreement, shall, as provided in subsection (c) of this Section, be delivered to the costs of issuance administrator identified as such in the Bond Purchase Agreement, for deposit in a costs of issuance account.

(c) The Authorized Officers are each hereby authorized to cause to be deposited a portion of proceeds from the sale of the Refunding Bonds in a costs of issuance account, which may be held by a bank, national banking association, or trust company meeting the qualifications necessary to be a paying agent set forth in Section 10 hereof, as cost of issuance administrator, to be applied to pay the costs associated with the issuance of the Refunding Bonds.

(d) The Authorized Officers are each hereby authorized to cause to be deposited in the Interest and Sinking Fund of the District proceeds of sale of the Refunding Bonds (in addition to any premium or accrued interest received) to pay debt service or fund an annual reserve permitted by Section 15250 of the California Education Code, as shall be set forth in the Bond Purchase Agreement, if such a deposit is deemed by the Authorized Officer executing the same to be in the best interests of the District. Pursuant to Government Code Section 53587, in determining the amount of Refunding Bonds to be issued, the Board hereby determines that any capitalized interest from proceeds of the Refunding Bonds shall be reasonably required.

SECTION 14. Investment of Proceeds. All funds held in the Interest and Sinking Fund of the District shall be invested at the discretion of the Treasurer pursuant to law and under the investment policies of the County, as such policies exist at the time of investment.

SECTION 15. Tax Covenants. (a) The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross

income of the interest payable on the Refunding Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate. The provisions of this Section shall survive payment in full or defeasance of the Refunding Bonds.

(b) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Treasurer on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the Treasurer in writing, and the District shall make its best efforts to ensure that the Treasurer shall take such action as may be necessary in accordance with such instructions.

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

SECTION 16. Preliminary Official Statement; Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement.* The form of Preliminary Official Statement, on file with the Secretary of the Board, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Refunding Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

(b) *Official Statement.* The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions, and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the District, to execute the final Official Statement and any amendment or supplement thereto and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

(c) *Continuing Disclosure*. The form of Continuing Disclosure Certificate, on file with the Secretary of the Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The District hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

SECTION 17. Delegation of Authority. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, negotiating the terms of the insurance policy, if any, referred to herein, and execution and delivery of the Tax Certificate. Such actions heretofore taken by such officials and staff are hereby ratified, confirmed and approved.

SECTION 18. Filing with County. Any Authorized Officer, acting alone, is hereby authorized and directed to report to the Auditor-Controller of the County the final terms of sale of the Refunding Bonds, and to file with the Auditor-Controller of the County and with the Treasurer a copy of the executed Bond Purchase Agreement and this Resolution, and the schedule of amortization of the principal of and payment on the Refunding Bonds, and this Resolution, upon delivery to the County, shall serve as the notice required to be given by Section 15140(c) of the California Education Code and as the District's request to the Auditor-Controller of the County and the Board of Supervisors to propose and adopt in each year a tax rate applicable to all taxable property of the District for payment of the Refunding Bonds, pursuant to law; and this Resolution shall serve as a request to the other officers of the County to levy and collect said taxes for the payment of the Refunding Bonds, to pay in a timely manner to the Paying Agent on behalf of the Owners of the Refunding Bonds the principal of, interest and premium, if any, due on the Refunding Bonds in each year, and to create in the County treasury to the credit of the District the Interest and Sinking Fund.

SECTION 19. Nonliability of the County. Notwithstanding anything stated to the contrary in this Resolution, in the Refunding Bonds or in any other document mentioned herein, (a) the Refunding Bonds are not a debt of (or a pledge of the full faith and credit of) the County, including the Board of Supervisors, and officers, officials, agents and employees of the County, and the County, including the Board of Supervisors and officers, officials, agents and employees of the County, have no obligation to repay the Refunding Bonds; (b) the sole responsibilities of the Board of Supervisors of the County hereunder is to levy a tax for the repayment of the Refunding Bonds, as provided in Education Code Section 15250, (c) neither the County, the Board of Supervisors, nor any officer, official, agent or employee of the County, shall have any obligation or liability hereunder, by reason hereof or in connection with the transactions contemplated hereby other than as specified in the Refunding Bond Law; (d) the Refunding Bonds, including interest thereon, shall be payable solely from taxes levied by the County pursuant to Education Code Section 15250; and (e) the County, including the Board of Supervisors and officers, officials, agents and employees of the County, shall retain all of their respective constitutional and statutory privileges, immunities, rights and defenses in carrying out their duties in connection with levying the tax to repay the Refunding Bonds.

SECTION 20. Limited Duties of the County; Indemnification and Non-liability of the County. The County, including the Board of Supervisors, and officers, officials, agents and employees of the County, shall undertake only those duties of the County, respectively, under this Resolution which are specifically set forth in this Resolution, and even during the continuance of an event of the District's default with respect to the repayment of the Refunding Bonds, no implied covenants or obligations shall be read into this Resolution against the County, including the Board of Supervisors and officers, officials, agents and employees of the County. The District shall

defend, indemnify and hold harmless the County, the Board of Supervisors, and officers, officials, agents and employees of the County ("Indemnified Parties") against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject based in whole or in part upon any acts or omissions related to the Refunding Bonds, except with regard to the responsibilities of the County under Section 7 hereof. The District shall also reimburse the Indemnified Parties for any legal or other costs and expenses incurred in connection with investigating or defending any such claims or liabilities.

SECTION 21. Furnishing of Clerk Certification. The Clerk of the Board is hereby authorized to furnish certified copies of this Resolution to Bond Counsel at or prior to the Closing Date.

SECTION 22. Resolution to Treasurer. The Secretary of this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 23. Effective Date. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was **PASSED AND ADOPTED** by the Board of Education of the Los Banos Unified School District at a meeting held on July 14, 2020 by the following votes:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

This is to certify that a true and correct copy of the resolution was adopted and approved at a regular meeting of the Board of Education of the Los Banos Unified School District.

By: _____
President of the Board of Education of the
Los Banos Unified School District

ATTEST:

By: _____
Clerk of the Board of Education of the
Los Banos Unified School District

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Refunding Bonds (the "Refunding Bonds") authorized by this Resolution. Such good faith estimates have been provided to the District, based on market interest rates prevailing at the time of preparation of the Estimated Principal Amount, by Fieldman, Rolapp & Associates, Inc., the District's financial advisor (the "Financial Advisor").

Estimated Principal Amount. The Financial Advisor has informed the District that, based on the District's financing plan and current market conditions, the good faith estimate of the aggregate principal amount of the Refunding Bonds is $5,090,000 (the "Estimated Principal Amount").

True Interest Cost. The Financial Advisor has informed the District that the good faith estimate of the true interest cost of the Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds, is 0.89%.

Finance Charge. The Financial Advisor has informed the District that the good faith estimate of the finance charge for the Refunding Bonds, which means the sum of all fees and charges paid to third parties (for costs associated with the Refunding Bonds) (the "Finance Charge"), is $197,803.64.

Amount of Proceeds to be Received. The Financial Advisor has informed the District that the good faith estimate of the amount of proceeds of the Refunding Bonds expected to be received by the District, less the Finance Charge as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is $5,633,287.72.

Total Payment Amount. The Financial Advisor has informed the District that the good faith estimate of the total payment amount, which means the sum total of all principal and interest payments made for the Refunding Bonds, plus the Finance Charge as described above, not paid with the proceeds of the financing, calculated to the final maturity of the Refunding Bonds, is $5,951,818.06.

The foregoing estimates constitute good faith estimates only. The actual aggregate principal amount of the Refunding Bonds, the true interest cost thereof, the Finance Charge, the amount of proceeds of the Refunding Bonds received by the District, and the total debt service with respect thereto, may differ from such good faith estimates due to (a) the actual dated date of the Refunding Bonds being different than the date assumed for purposes of such estimates, (b) the actual aggregate principal amount of the Refunding Bonds being different from the Estimated Principal Amount, (c) the actual amortization of the debt service on the Refunding Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time the Refunding Bonds are issued being different than those estimated for purposes of

such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual dated date of the Refunding Bonds and the actual aggregate principal amount of the Refunding Bonds will be determined by the District based on market conditions and other factors. The actual interest rates will depend on market interest rates at the time of the sale of the Refunding Bonds. The actual amortization and debt service schedule for the Refunding Bonds will be based, in part, on market interest rates at the time the Refunding Bonds are sold. Market interest rates are affected by economic and other factors beyond the control of the District.

EXHIBIT B

FORM OF BOND

Number	UNITED STATES OF AMERICA	Amount
R-__	STATE OF CALIFORNIA	$_____

LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)

2020 GENERAL OBLIGATION REFUNDING BONDS

INTEREST RATE	MATURITY DATE	DATED AS OF	CUSIP
___%	August 1, ____	_____, 2020	545438 ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ **DOLLARS**

The Los Banos Unified School District, County of Merced, State of California (the "District"), acknowledges itself obligated to and promises to pay to the Registered Owner identified above or registered assigns, on the Maturity Date set forth above or upon prior redemption hereof, the Principal Amount specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Refunding Bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Refunding Bond is authenticated on or before January 15, 2021, in which event it shall bear interest from the date hereof) at the Interest Rate per annum stated above, payable commencing on February 1, 2021, and thereafter on August 1 and February 1 in each year, until payment in full of the Principal Amount. This Bond is issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), and a Resolution adopted by the Board of Education of the District on July 14, 2020 (the "Resolution"). Capitalized terms used but not defined herein have the meanings ascribed thereto in the Resolution.

The principal hereof is payable to the Registered Owner hereof upon the surrender hereof at the principal corporate trust office of the paying agent/registrar and transfer agent of the District (the "Paying Agent"), initially U.S. Bank National Association. The interest hereon is payable to the person whose name appears on the Bond Register of the Paying Agent as the Registered Owner hereof as of the close of business on the 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed to such Registered Owner at the owner's address as it appears on such Bond Register, or at such other address filed with the Paying Agent for that purpose. Upon written

request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Refunding Bonds aggregating at least $1,000,000 in principal amount, interest will be paid by wire transfer in immediately available funds to an account maintained in the United States as specified by the Registered Owner in such request. So long as Cede & Co. or its registered assigns shall be the Registered Owner of this Refunding Bond, payment shall be made in immediately available funds as provided in the Resolution hereinafter described.

This Refunding Bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), in the aggregate principal amount of $_____, and denominated as "Los Banos Unified School District 2020 General Obligation Refunding Bonds" (the "Refunding Bonds"). The Prior Bonds, being refunded by the Refunding Bonds, were authorized by District Resolution No. 25-10 adopted by the Board of Education of the District on September 9, 2010. The Prior Bonds were issued to refund the outstanding portion of the District's Series 2002 Bonds which were issued under the 1995 Authorization. The Refunding Bonds are issued and sold by the Board of Education of the District pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, including the Refunding Bond Law, and of the Resolution, and subject to the more particular terms specified in the Bond Purchase Agreement.

The Refunding Bonds are general obligations of the District and do not constitute an obligation of Merced County (the "County"). No part of any fund of the County is pledged or obligated to the payment of the principal of or interest on the Refunding Bonds of this issue.

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

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

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

The Refunding Bonds are not subject to optional redemption prior to maturity.

The Current Interest Term Bonds maturing by their term on August 1, 20__ are subject to mandatory sinking fund redemption by the District prior to their maturity, in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, if any, without premium, solely from mandatory sinking fund payments as provided in the Resolution, on each August 1, but which amounts will be reduced proportionately by the principal amount of such Term Bond optionally redeemed.

Mandatory Sinking Fund Redemption Schedule

Redemption Date (August 1)	**Principal Amount to be Redeemed**
	$
*	

* Indicates maturity of the Term Bond

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

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Board of Education of the Los Banos Unified School District, County of Merced, State of California, has caused this Refunding Bond to be signed by the facsimile signature of its President and countersigned by the facsimile signature of its Clerk, as of the date set forth above.

LOS BANOS UNIFIED SCHOOL DISTRICT

By: [NOT TO BE SIGNED – FORM ONLY]
President of the Board of Education

COUNTERSIGNED:

By: [NOT TO BE SIGNED – FORM ONLY]
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Refunding Bonds described in the Resolution referred to herein.

Date of Registration and Authentication: [NOT TO BE DATED– FORM ONLY]

U.S. BANK NATIONAL ASSOCIATION

By: [NOT TO BE SIGNED – FORM ONLY]
Authorized Signatory

DTC LEGEND

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

[STATEMENT OF INSURANCE, IF ANY]

(FORM OF ASSIGNMENT)

For value received, the undersigned sells, assigns and transfers unto
[LEAVE BLANK – FORM ONLY] _____

_____

_____

(print or type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Dated: [NOT TO BE DATED– FORM ONLY]

Signature Guaranteed:

[NOT TO BE SIGNED – FORM ONLY]
Notice: Signature must be guaranteed by an eligible guarantor institution.

[NOT TO BE SIGNED – FORM ONLY]
Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration of any change whatever.

$[PAR AMOUNT]
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

BOND PURCHASE AGREEMENT

[August 6], 2020

Los Banos Unified School District
1717 South 11th Street
Los Banos, California 93635

Ladies and Gentlemen:

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Los Banos Unified School District (the "District"), which, upon acceptance hereof by the District, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the District and delivery of such acceptance to the Underwriter at its office prior to 11:59 p.m., Pacific Time, on the date hereof.

Section 1. Purchase and Sale of the Refunding Bonds. Upon the terms and conditions and in reliance upon the representations and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell in its name and to the Underwriter for such purpose, all (but not less than all) of $[PAR AMOUNT] in aggregate principal amount of the District's 2020 General Obligation Refunding Bonds (the "Refunding Bonds"). The purchase price of the Refunding Bonds shall be $[___] (being equal to the aggregate principal amount of the Refunding Bonds ($[PAR AMOUNT]), [plus [net] original issue premium/less [net] original issue discount] of $[___], less an underwriter's discount of $[___]).

On the Closing Date (as defined herein) the Underwriter will wire: [(i) the bond insurance premium of $[___] to [INSURER] (the "Insurer");] (ii) the amount of $[___] to U.S. Bank National Association, as costs administrator (the "Costs Administrator"), who will administer the payment of costs of issuance; and (iii) the amount of $[___] to Wells Fargo Bank, National Association (the "Escrow Agent"), pursuant to an Escrow Agreement (the "Escrow Agreement") by and between the District and Escrow Agent, for the redemption of the Prior Bonds (defined below) on the Redemption Date.

The Refunding Bonds shall be issued as current interest serial bonds and current interest term bonds, and shall bear interest at the rates, and shall mature on the dates shown in ***Appendix A*** hereto, which is incorporated herein by this reference. The Refunding Bonds are being issued for the purpose of currently refunding the outstanding maturities of the District's 2010 General Obligation Refunding Bonds (the "Prior Bonds"), consisting of current interest serial bonds maturing on August 1 in the years 2021 through 2024, inclusive, and current interest term bonds maturing on August 1, 2026, all of which are subject to optional redemption on any date on or after August 1, 2020.

The District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor, or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission (the "SEC") or the rules of the Municipal Securities Rulemaking Board (the "MSRB"), and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

Section 2. The Refunding Bonds. The Refunding Bonds shall be dated [August 20], 2020 (the "Closing Date"), and shall otherwise be as described in, and shall be issued and secured pursuant to, the provisions of the Resolution of the District (the "Refunding Bond Resolution") adopted on July 14, 2020, sections 53550 *et seq.* and 53580 *et seq.* of the California Government Code (the "Refunding Bond Law"), and certain other provisions of law including provisions of the California Education Code. Interest on the Refunding Bonds shall be payable on February 1, 2021 and thereafter on each February 1 and August 1 (each an "Interest Payment Date").

Each Refunding Bond shall be issued in denominations of $5,000 or integral multiples thereof, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2021, in which event it shall bear interest from the Closing Date (as defined herein); provided, however, that if at the time of authentication of any Refunding Bond, interest is then in default on outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Refunding Bonds shall be executed and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Refunding Bond Resolution. The Refunding Bonds shall be in book-entry only form, shall bear CUSIP numbers, shall be in fully registered form initially registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), New York, New York and the Refunding Bonds shall initially be in authorized denominations of $5,000 or any integral multiple thereof.

[The payment of principal of and interest on the Refunding Bonds when due will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Refunding Bonds by the Insurer.]

Section 3. Redemption. The Refunding Bonds are subject to redemption as shown in the attached ***Appendix A***.

Section 4. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Refunding Bonds, this Bond Purchase Agreement, the Preliminary Official Statement, Official Statement, and Continuing Disclosure Certificate (each defined herein), the Refunding Bond Resolution, and all information contained herein and therein and all of the documents, certificates, or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement.

Section 5. Public Offering of the Refunding Bonds. The Underwriter agrees to make a bona fide public offering of all the Refunding Bonds at the initial public offering prices or yields as set forth in ***Appendix A***. After such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Refunding Bonds; provided, however, that the Underwriter shall not change the interest rates set forth in ***Appendix A***. The Refunding Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Refunding Bonds and shall execute and deliver to the District at Closing (as defined herein) an "issue price" certificate or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as ***Appendix B***, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Refunding Bonds. All actions to be taken by the District under this Section to establish the issue price of the Refunding Bonds may be taken on behalf of the District by the District's Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) [Except as otherwise set forth in ***Appendix A*** attached hereto,] the District will treat the first price at which 10% of each maturity of the Refunding Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has

sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel.] For purposes of this Section, if Refunding Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Refunding Bonds.

(c) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(2) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(3) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided

that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(d) The District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Refunding Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Refunding Bonds, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Refunding Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Refunding Bonds. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Refunding Bonds.

(e) The Underwriter acknowledges that sales of any Refunding Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Refunding Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Refunding Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Refunding Bonds to the public),

(iii) a purchaser of any of the Refunding Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

Section 6. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Refunding Bonds, dated [July 30, 2020] (the "Preliminary Official Statement"). The District represents that has deemed the Preliminary Official Statement to be final, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, Underwriter's discount, aggregate principal amount, principal amount per maturity, redemption provisions, delivery date, rating, and other terms of the Refunding Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement relating to the Refunding Bonds is available, the Underwriter will send to any potential purchaser of the Refunding Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

Section 7. Closing. At 9:00 a.m., Pacific Time, on the Closing Date, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at the offices of U.S. Bank National Association (the "Paying Agent") as an agent of DTC (or at such other place as the District and the Underwriter may mutually agree upon), the Refunding Bonds in fully registered book-entry only form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in the offices of Lozano Smith, LLP, Bond Counsel to the District ("Bond Counsel"), located in Sacramento, California, the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof set forth in Section 1 hereof in immediately available funds by wire transfer to or upon the order of the District.

Section 8. Representations and Agreements of the District. The District hereby represents and agrees with the Underwriter that:

(a) **Due Organization**. The District is a public school district organized and existing under the laws of the State of California.

(b) **Due Authorization**. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Refunding Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Refunding Bond Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the Refunding Bond Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the

obligations contained in the Refunding Bonds, the Resolution, and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Agreement and the Escrow Agreement each constitute a valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement.

(c) **Consents**. Except as set forth in subsection (b) above, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Refunding Bonds, the execution and delivery of this Bond Purchase Agreement, or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(d) **Internal Revenue Code**. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Refunding Bonds.

(e) **No Conflicts**. To the best knowledge of the District, the issuance of the Refunding Bonds, and the execution, delivery, and performance of this Bond Purchase Agreement, the Refunding Bond Resolution, the Continuing Disclosure Certificate, the Escrow Agreement, the Refunding Bonds, and the compliance with the provisions hereof and thereof, do not conflict with or constitute on the part of the District a violation of or material default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order, or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease, or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) **Litigation**. As of the time of acceptance hereof no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the title of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Refunding Bonds, the application of the proceeds of the sale of the Refunding Bonds, the levy of taxes to pay the principal of and interest on the Refunding Bonds, or in any way contesting or affecting the validity or enforceability of the Refunding Bonds, this Bond Purchase Agreement or the Refunding Bond Resolution, or contesting the powers of the District or the Refunding Bond Resolution or this Bond Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement, or the Refunding Bond Resolution, (b) declare this Bond Purchase Agreement or the Escrow Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the

Refunding Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) **No Other Debt**. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued in the name and on behalf of the District any bonds, notes, or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) **Tax Certificate**. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose Tax Certificates may not be relied upon.

(i) **Certificates**. Except as specifically provided, any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(j) **Continuing Disclosure**. The District will undertake, pursuant to the Rule, the Refunding Bond Resolution, and a Continuing Disclosure Certificate dated as of the Closing Date (the "Continuing Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events, the Continuing Disclosure Certificate or Agreement shall be substantially in the form set forth in Appendix E of the Preliminary Official Statement and will also be set forth in Appendix E of the final Official Statement. Based on a review of its prior undertakings under the Rule, and except as otherwise disclosed in the Official Statement, the District has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of listed events with respect to the last five years.

(k) **Official Statement Accurate and Complete**. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in the Preliminary Official Statement or the final Official Statement from information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(l) **Financial Information**. The financial statements of, and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any)

have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information included in the Official Statement has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement.

(m) **Levy and Collection of Taxes.** The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of property taxes for the Refunding Bonds. Pursuant to the Refunding Bond Resolution, such property taxes collected by the County and deposited in the Interest and Sinking Fund are hereby irrevocably pledged to secure the payment of principal of and interest on the Refunding Bonds.

(n) **No Contractual Limitation on Refunding**. The District has not entered into any contract or agreement that would limit or restrict the District's ability to refund the Prior Bonds or enter into this Purchase Agreement for the sale of the Refunding Bonds to the Underwriter.

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

(a) The execution and delivery hereof and the consummation of the transactions contemplated hereby does not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the MSRB;

(b) All reports required with respect to the Refunding Bonds to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB;

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c), with the District with respect to the Refunding Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any financial advisory relationship with the District with respect to the Refunding Bonds

(d) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to, the District's Financial Advisor, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Bond Purchase Agreement.

Section 10. Covenants of the District. The District covenants and agrees with the Underwriter that:

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

(b) **Official Statement.** The District will deliver or cause to be delivered to the Underwriter, not later than the earlier to occur of (i) the seventh (7th) business day following the date this Bond Purchase Agreement is signed or (ii) the day prior to Closing, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the "Official Statement") in such reasonable quantities as may be requested by the Underwriter, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Refunding Bonds;

(c) **Subsequent Events.** The District will notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Refunding Bonds for sale;

(d) **Amendments to Official Statement.** For a period of ninety (90) days after the Closing, or until such time (if earlier) as the Underwriter shall no longer hold any of the Refunding Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the District) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading;

If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the Underwriting Period (as determined in accordance with Section 16 hereof) any event

known to the District shall occur affecting the District which might adversely affect the marketability of the Refunding Bonds or the market prices thereof, or cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will assist in supplementing or amending the Official Statement in a form and in a manner approved by the Underwriter; and

(e) **Application of Proceeds**. The District will apply the proceeds from the sale of the Refunding Bonds for the purposes specified in the Refunding Bond Resolution.

Section 11. Conditions to Closing. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations of the District contained herein and the performance by the District, of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

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

(b) **Obligations Performed**. At the time of the Closing, (i) the Official Statement, this Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate, and the Refunding Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Refunding Bond Law which, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Refunding Bond Resolution, this Bond Purchase Agreement, the Escrow Agreement, or the Official Statement to be performed at or prior to the Closing;

(c) **Adverse Rulings**. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 8(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) **Marketability**. The market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Refunding Bonds, at the initial offering

prices set forth in ***Appendix A*** and in the Official Statement, shall not have been materially adversely affected by reason of any of the following occurring between the date of this Agreement and the Closing:

(i) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Refunding Bonds, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(1) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Refunding Bonds; or

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

(ii) there shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(iv) the declaration of a general banking moratorium by federal, New York or California authorities;

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

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

(vii) the withdrawal or downgrading or placement on credit watch of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(viii) the withdrawal or downgrading or placement on credit watch, of any rating or credit outlook of the Insurer by a national rating agency; or

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

(e) **Delivery of Documents**. At or prior to the date of the Closing, the Underwriter shall receive copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) **Bond Opinion and Reliance Letter**. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Refunding Bonds, dated the date of the Closing, addressed to the District, in the form set forth as an appendix to the Official Statement; together with a reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described above;

(ii) **Supplemental Opinion**. A supplemental opinion of Bond Counsel, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(1) this Bond Purchase Agreement, the Escrow Agreement, and the Continuing Disclosure Certificate have been duly authorized, executed, and delivered by the District and, assuming due authorization, execution, and delivery by and validity against the Underwriter, are valid and binding agreements of the District enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance, and other laws relating to or affecting the enforcement of creditors' rights, by the application of equitable principles if equitable remedies are sought, by the

exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California;

(2) the Refunding Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Refunding Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended, and

(3) the statements contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS, "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE," and "OTHER LEGAL MATTERS" insofar as such statements purport to summarize certain provisions of the Refunding Bonds are accurate in all material respects;

(iii) **District Counsel Opinion**. An opinion of Lozano Smith, LLP, as counsel to the District, dated the Closing Date and addressed to the District and the Underwriter, in form and substance satisfactory to the Underwriter;

(iv) **Disclosure Counsel Opinion**. An opinion of Lozano Smith, LLP, acting as Disclosure Counsel to the District, dated the date of Closing and addressed to the Underwriter and the District, substantially to the effect that, based on such counsel's participation in conferences with representatives of the Underwriter, the District, and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the Underwriter that, during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date, (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion (including those contained in APPENDIX A), and APPENDICES B, C, F, G, and H, or any information regarding DTC or its the book-entry only system included therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(v) **Certificates of the District**. A certificate signed by an Authorized Officer of the District to the effect that (i) such official is authorized to execute this Bond Purchase Agreement, (ii) the representations and agreements of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Refunding Bond Resolution and this

Bond Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) the Refunding Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Refunding Bond Resolution, and (vi) no further consent is required to be obtained for the inclusion of the District's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2018-19 in the Official Statement;

(vi) **Tax Certificate**. A Tax Certificate of the District in form satisfactory to Bond Counsel;

(vii) **Refunding Bond Resolution**. A certificate signed by an Authorized Officer of the District, together with a fully executed copy of the Refunding Bond Resolution, to the effect that:

(1) such copy is a true and correct copy of the Refunding Bond Resolution; and

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

(viii) **Official Statement**. Certificates of the appropriate officials of the District evidencing their determinations with respect to the Preliminary Official Statement in accordance with the Rule;

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

(x) **Ratings**. Copies of letters from rating agencies which have rendered ratings on the Refunding Bonds as set forth in the Official Statement, specifying the ratings and evidencing that such ratings have not been revoked or downgraded;

(xi) **Continuing Disclosure Certificate.** A Continuing Disclosure Certificate, substantially in the form attached as Appendix E to the Official Statement, signed on behalf of the District;

(xii) **Escrow Agreement**. An Escrow Agreement, executed and delivered by the District and the Escrow Agent, evidencing that proceeds of the Refunding Bonds have been irrevocably set aside for the refunding and defeasance of the Prior Bonds, together with a certificate of the Escrow Agent in form and substance acceptable to the Underwriter;

(xiii) **Verification Report**. A report of Causey Demgen & Moore P.C., as Verification Agent, verifying the sufficiency of the escrow to pay the Prior Bonds on and prior to their redemption dates;

(xiv) **Defeasance Opinion**. A defeasance opinion of Bond Counsel, dated the Closing Date, addressed to the District and the Escrow Agent, to the effect that the Prior Bonds have been defeased in accordance with the resolution under which the Prior Bonds were issued;

(xv) **Underwriter's Counsel Opinion.** An opinion of Kutak Rock LLP, acting as Underwriters Counsel, dated the Closing Date and addressed to the Underwriter, in form and substance satisfactory to the Underwriter; and

(xvi) **Bond Insurance Policy.** A copy of the Policy, together with such certificates and opinions as are reasonably acceptable to the Underwriter.

(f) **Termination**. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Refunding Bonds shall not have been delivered by the District to the Underwriter, for review prior to the close of business, Pacific Time, on a day no later than two (2) business days prior to the Closing Date, then the obligation to purchase Refunding Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 5 hereof.

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

Section 12. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations

hereunder; and (ii) receipt by the District and the Underwriter of the opinion and certificates being delivered at the Closing by persons and entities other than the District.

Section 13. Costs and Expenses. At the Closing, at the request of the District, the Costs Administrator shall pay all costs and expenses incurred in connection with the issuance and sale of the Refunding Bonds, including, but not limited to, the fees and expenses of Bond Counsel, Disclosure Counsel, District Counsel, and the Financial Advisor, rating agency fees, the cost of printing and delivery of the Preliminary Official Statement and the Official Statement, Verification Agent fees, and initial fees and expenses of the Paying Agent and Escrow Agent, from amounts wired to the Costs Administrator by the Underwriter as set forth in Section 1 hereof. The aggregate amount of such costs and expenses shall not exceed $[160,000]. If such costs and expenses exceed $[160,000], the District shall be obligated to pay such excess amount. If such costs and expenses are less than $[160,000], the Costs Administrator shall deposit such amount in the Interest and Sinking Fund established and held by the County Treasurer pursuant to the Refunding Bond Resolution. Except to the extent paid by pursuant to the preceding sentences, the District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Refunding Bonds. All out-of-pocket expenses of the Underwriter, including Underwriter's counsel fees, the California Debt and Investment Advisory Commission fee, travel (except in connection with securing a rating on the Refunding Bonds) and other expenses (except as provided above), shall be paid by the Underwriter.

Section 14. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent (or Superintendent's designee), Los Banos Unified School District, 1717 S. 11th Street, Los Banos, California 93635, or if to the Underwriter, Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, CA 94104.

Section 15. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement, when accepted by the District in writing as heretofore specified, shall constitute the entire agreement between the District and the Underwriter. This Bond Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Refunding Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

Section 16. Determination of End of the Underwriting Period. For purposes of this Bond Purchase Agreement, the "end of the underwriting period" for the Refunding Bonds shall mean the earlier of (a) the Closing Date unless the District has been notified in writing by the Underwriter, on or prior to the Closing Date, that the "end of the underwriting period" for the Refunding Bonds for all purposes of the Rule will not occur on the Closing Date, or (b) the date set forth in the notice given to District, as the "end of the underwriting period" if the Underwriter has provided notice pursuant to clause (a) above that the "end of the underwriting period" for the

Refunding Bonds will not occur on the Closing Date, which date the Underwriter agrees to notify the District in writing as soon as practicable following the "end of the underwriting period" for the Refunding Bonds for all purposes of the Rule.

Section 17. Severability. In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 18. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

Section 19. Entire Agreement. This Bond Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 20. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

[THIS SPACE INTENTIONALLY BLANK]

Section 21. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Managing Director

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

LOS BANOS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

Time of execution: _____

APPENDIX A
To Bond Purchase Agreement

Maturity Schedule

$___ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied as of Sale Date
Total	**$**				

$___ Term Bonds

$____ ___% Term Bond maturing August 1, 20__, priced at ___ to Yield ___%

Optional Redemption

The Refunding Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption

The Refunding Bonds maturing on August 1, 20__ (the "Term Refunding Bonds"), are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year in accordance with the schedule set forth below. The Term Refunding Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
*	

*Maturity

If some but not all of the above-described Term Refunding Bonds have been redeemed pursuant to optional redemption, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Refunding Bonds so redeemed, to be allocated among such sinking fund payments on such basis as the District may designate in a written request of the District filed with the Paying Agent.

APPENDIX B
To Bond Purchase Agreement

FORM OF ISSUE PRICE CERTIFICATE

$[PAR AMOUNT]
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

CERTIFICATE OF THE UNDERWRITER

This certificate is being delivered by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") in connection with the issuance of the $[PAR AMOUNT] Los Banos Unified School District 2020 General Obligation Refunding Bonds (the "Refunding Bonds"). The Underwriter hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Refunding Bonds to the Los Banos Unified School District ("District") and to Lozano Smith LLP, Bond Counsel to the District ("Bond Counsel"), as follows:

1. Bond Purchase Agreement. On [August 6], 2020 (the "Sale Date"), the Underwriter and the District executed a Bond Purchase Agreement (the "Purchase Agreement") in connection with the sale of the Refunding Bonds. The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

2. Price. As of the date of this Certificate, for each Maturity of the Refunding Bonds, the first price or prices at which at least 10% of each such Maturity of the Refunding Bonds was sold to the Public (the "10% Test") are the respective prices listed in ***Schedule A*** attached hereto.

3. Certain Defined Terms.

(a) Capitalized terms used in this certificate, unless otherwise defined herein or in the resolution of the Board of Education of the District adopted on July 14, 2020, ("District Resolution"), shall have the meaning(s) given to such terms in the Tax Certificate provided in connection with the execution and delivery of the Refunding Bonds.

(b) "Maturity" means Refunding Bonds with the same credit and payment terms. Refunding Bonds with different maturity dates, or Refunding Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Refunding Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Refunding Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Refunding Bonds to the Public).

4. Use of Certificate. The representations set forth in this Certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate of the District dated [August 20], 2020, and with respect to compliance with the federal income tax rules affecting the Refunding Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the District from time to time relating to the Refunding Bonds.

Dated: [August 20], 2020

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

By: _____
Managing Director

Schedule A
to Certificate of Underwriter

$[PAR AMOUNT]
LOS BANOS UNIFIED SCHOOL DISTRICT
(MERCED COUNTY, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS

Actual Sales Information as of Closing Date

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	Issue Price
Total	**$**				**$**

NEW ISSUE — BOOK-ENTRY ONLY

Insured Rating: Standard & Poor's "[__]"
Underlying Rating: Moody's "[__]"
(See "MISCELLANEOUS — Ratings.")

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, the interest on the Refunding 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. In the further opinion of Bond Counsel, interest on the Refunding Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Refunding Bonds. See "TAX MATTERS" herein.

$6,000,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

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

The $6,000,000* Los Banos Unified School District 2020 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by Los Banos Unified School District (the "District"), located in Merced County (the "County"), California, to (i) to currently refund the Refunded Bonds (defined herein) and (ii) to pay certain costs of issuance of the Refunding Bonds. See "THE BONDS –The Plan of Refinancing" herein.

The Refunding Bonds are being issued pursuant 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 Government Code of the State of California (the "State") and the Resolution of the Board of Education of the District adopted on July 14, 2020 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

The Refunding Bonds are general obligations of the District, payable solely from *ad valorem* 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 *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

The Refunding Bonds are dated the date of delivery and are being issued as Current Interest Serial Bonds and/or Current Interest Term Bonds (all as defined herein). The Refunding Bonds shall be issued in denominations of $5,000 principal amount, and integral multiples thereof as shown on the inside cover page of this Official Statement. Interest on the Refunding Bonds shall be payable on February 1 and August 1 of each year, commencing on February 1, 2021.

The Refunding Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Refunding Bonds. Individual purchases of Refunding Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Refunding Bonds purchased by them. Payments of the principal of and interest on the Refunding Bonds will be made by U.S. Bank National Association, as Paying Agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants to the beneficial owners of the Refunding Bonds.

The Refunding Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.* See "THE BONDS –Redemption" herein.

The District has applied for an insurance policy to insure payment of all or part of the principal of and interest on the Refunding Bonds. As of this date the District has not determined if such insurance would be cost effective and so has not yet accepted a commitment for insurance.

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

MATURITY SCHEDULE
(See Inside Front Cover)

The Refunding Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, as counsel to the District, Lozano Smith, LLP, as Disclosure Counsel to the District, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Refunding Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2020.

STIFEL

The date of this Official Statement is _____, 2020.

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 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

* *Preliminary; subject to change.*

MATURITY SCHEDULE

$6,000,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
BASE CUSIP†: 545438

$_____ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2021				
2022				
2023				
2024				
2025				
2026				

$_____ Term Bonds

$_____, _____% Term Bonds due August 1, ____— Yield _.__%; CUSIP ____†

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* *Preliminary; subject to change.*

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Copyright 2020 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.*

LOS BANOS UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Mr. Anthony Parreira, *President*
Mrs. Margaret A. Benton, *Vice President*
Mr. Gary Munoz, *Clerk*
Mr. Luis Castro, *Member*
Mr. Ray R. Martinez, *Member*
Ms. Anahi Rodriguez, *Member*
Mrs. Marlene Smith, *Member*

DISTRICT ADMINISTRATION

Mark Marshall, Ed.D., *Superintendent, and Secretary to the Board of Education*
Amer Iqbal, *Assistant Superintendent, Administrative Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR
Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND COUNSEL, DISCLOSURE COUNSEL, AND DISTRICT COUNSEL
Lozano Smith, LLP
Sacramento, California

UNDERWRITER'S COUNSEL
Kutak Rock LLP
Denver, Colorado

PAYING AGENT
U.S. Bank National Association
Los Angeles, California

ESCROW AGENT
Wells Fargo Bank, National Association
Minneapolis, Minnesota

VERIFICATION AGENT
Causey Demgen & Moore P.C.
Denver, Colorado

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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 Refunding 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 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 Refunding 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 which 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 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 Refunding Bonds at levels above those that 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 Refunding 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 Refunding 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 Refunding 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, as amended, ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Refunding 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 Refunding 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 at www.losbanosusd.k12.ca.us. 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 Refunding Bonds.

$6,000,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

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 above-captioned Refunding 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 Refunding Bonds.

General

This Official Statement, which includes the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the sale of $6,000,000* aggregate principal amount of Los Banos Unified School District 2020 General Obligation Refunding Bonds (the "Refunding Bonds"), consisting of current interest serial bonds and/or current interest term bonds, as indicated on the inside front cover page hereof, and to be offered by the Los Banos Unified School District (the "District").

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

The purpose of this Official Statement is to supply information to prospective buyers of the Refunding Bonds. Quotations from and summaries and explanations of the Refunding Bonds, the resolution of the Board of Education of the District (the "Board") providing for the issuance and payment of the Refunding Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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

Copies of documents referred to herein and information concerning the Refunding Bonds is available from the District by contacting: Los Banos Unified School District, 1717 South 11th Street, Los Banos, California 93635-4800, Attention: Assistant Superintendent of Administrative Services, or from the District's Financial Advisor: Fieldman, Rolapp & Associates, Inc., 19900 MacArthur Boulevard, Suite 1100, Irvine, California 92612-2445. The District may impose a charge for copying, handling, and mailing such requested documents.

Capitalized terms used in this Official Statement have the meanings ascribed thereto in the Resolution (defined herein).

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* *Preliminary; subject to change.*

The District

The District was established in 1965 and is located in Merced County, California (the "County"). The District operates eight elementary schools, two junior high school, two comprehensive high schools, one alternative high school, and one independent study school. The District's area equals approximately 640 square miles serving approximately 11,084 students.

The District is governed by a seven member 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 three and four available positions. 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. For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX C – "AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

THE BONDS

Authority for Issuance

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 July 14, 2020 (the "Resolution") providing for the issuance of the Refunding Bonds.

Purpose of Issue

The Refunding Bonds are being issued to currently refund the District's outstanding 2010 General Obligation Refunding Bonds (the "Refunded Bonds"), and to pay costs of issuance of the Refunding Bonds. See "–The Plan of Refinancing" and "–Estimated Sources and Uses of Funds," herein.

Security for the Bonds

The Refunding Bonds are payable from *ad valorem* 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 *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds. The proceeds of the levy shall be deposited to the credit of the Interest and Sinking Fund. Such proceeds shall be applied for the payment of principal of and interest on the Refunding Bonds. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to school districts authorized pursuant to Section 53601 et seq. or Section 53635 et seq. of the California Government Code, and consistent with the investment policy of the County. See "APPENDIX F – MERCED COUNTY INVESTMENT POLICY AND PORTFOLIO SUMMARY." The proceeds on deposit in the Interest and Sinking Fund are pledged to the repayment of the principal and redemption price of and interest on the Refunding Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Pledge of Tax Revenues and Statutory Lien."

Description of the Bonds

The Refunding Bonds will be dated their date of delivery (the "Delivery Date") and will be issued as fully registered bonds, without coupons, in denominations of $5,000 principal amount or any integral multiple thereof, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through

DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Bonds. See "APPENDIX G—BOOK-ENTRY ONLY SYSTEM."

Paying Agent

U.S. Bank National Association, Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Refunding Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Refunding Bonds and DTC's book-entry method is used for the Refunding 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 Refunding Bonds called for redemption or of any other action covered by such notice.

The Paying Agent, the District, the County, and the Underwriter of the Refunding Bonds have no 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 Refunding Bonds.

Payment of Principal and Interest

The Refunding Bonds will be issued as current interest serial and/or term bonds as set forth on the inside front cover page hereof.

Interest. The Refunding Bonds will be dated as of their Delivery Date, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year, commencing on February 1, 2021 (each, an "Interest Payment Date"), computed on the basis of a 360-day year of twelve 30-day months. Each 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 Refunding Bond, interest is in default on any outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds.

Payment of Bonds. The principal of the Refunding Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of the Paying Agent at the maturity thereof or upon redemption prior to maturity.

Interest on the Refunding Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Refunding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date immediately preceding any Interest Payment Date. So long as the Refunding Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Redemption

*Optional Redemption of Bonds.** The Refunding Bonds are not subject to optional redemption prior to maturity.

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

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

†

† Maturity.

Transfer and Exchange

Any Refunding Bond may be exchanged for bonds of the same series, maturity, and interest rate 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 Refunding Bond may be transferred on the Bond Register only upon presentation and surrender of such Refunding 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 Refunding 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 Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Federal Securities (defined below), in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Refunding Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. Pursuant to the Resolution, "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 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 Moneys

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium for, if any, or interest on any of the Refunding Bonds and remaining unclaimed for one year after the principal of all of

* *Preliminary; subject to change.*

such Refunding Bonds has become due and payable (whether by 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 moneys shall be transferred to the general fund of the District as provided and permitted by law.

Estimated Sources and Uses of Funds

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

TABLE 1
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
Estimated Sources and Uses of Funds

	Total
Sources of Funds:	
Principal Amount of Bonds	
[Plus/Less Net Original Issue Premium/Discount]	
Total Sources of Funds	
Uses of Funds:	
Deposit to Interest and Sinking Fund	
Deposit to Escrow Fund	
Costs of Issuance [1]	
Total Uses of Funds	

[1] Includes Bond Counsel fees, Disclosure Counsel fees, rating agency fees, financial advisory fees, underwriter's discount, Paying Agent fees, Verification Agent fees, printing fees, bond insurance premium, and other miscellaneous expenses.

The Plan of Refinancing

The Refunding Bonds are being issued to currently refund the outstanding maturities of the District's 2010 General Obligation Refunding Bonds, issued on September 30, 2010, in the aggregate initial principal amount of $12,840,000 (the "2010 Refunding Bonds" or the "Refunding Bonds). The outstanding maturities of the 2010 Refunding Bonds to be refunded are referred to herein as the "Refunded Bonds" and are detailed in the following table:

TABLE 2
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
Refunded Bonds*

Maturity Date (August 1)	CUSIP †	Principal Amount	Redemption Date*	Redemption Price (% of Par Amount)
2021	545438 DK6	$ 845,000	September 19, 2020	100
2022	545438 DL4	880,000	September 19, 2020	100
2023	545438 DM2	915,000	September 19, 2020	100
2024	545438 DN0	950,000	September 19, 2020	100
2026	545438 DQ3	2,015,000	September 19, 2020	100

* Preliminary, subject to change.

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.*

Escrow Sufficiency

The net proceeds from the sale of the Refunding Bonds shall be transferred to U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the escrow fund (the "Escrow Fund") held under an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent. The amounts deposited in the Escrow Fund will be held in cash, uninvested, and/or invested in permitted securities, and will be sufficient to enable the Escrow Agent to pay the principal, redemption premium (if any), and interest due on the Refunded Bonds on the first optional redemption date therefor.

The sufficiency of the cash or securities on deposit in the Escrow Fund to pay the redemption price of and the accrued interest due on the Refunded Bonds, on the above-referenced date, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and the application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy and collect *ad valorem* taxes for payment thereof will terminate.

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments and interest to retire the Refunded Bonds will be verified by the Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

* *Preliminary, subject to change.*

Debt Service Schedule

Debt service on the Refunding Bonds is as shown in the following table.

TABLE 3
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
Annual Debt Service

Period Ending (August 1)	Principal	Interest	Annual Debt Service
2021			
2022			
2023			
2024			
2025			
2026			
Totals			

Other General Obligation Bonds

In addition to the Refunding Bonds and the Refunded Bonds, the District has previously issued other series of general obligation bonds secured by *ad valorem* taxes levied upon all property subject to taxation by the District. Such other general obligation bonds which remain outstanding as of the date of this Official Statement are summarized in [Table A-2] in APPENDIX A of this Official Statement.

Aggregate Debt Service Schedule

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

TABLE 4
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	1996 Bonds Series A	2010 Refunding Bonds [1]	Series 2015B Bonds	2015 Refunding Bonds	Series 2018 Bonds	Refunding Bonds	Aggregate Total Debt Service
2020 [2]	$825,000.00	$ 1,066,075.00	--	$ 2,418,287.50	$ 1,020,087.50		
2021	--	1,061,325.00	--	2,516,487.50	1,120,087.50		
2022	--	1,062,525.00	--	2,618,887.50	1,196,087.50		
2023	--	1,066,725.00	--	2,720,387.50	1,283,887.50		
2024	--	1,067,413.00	--	2,828,137.50	1,377,887.50		
2025	--	1,070,600.00	--	2,941,387.50	1,472,687.50		
2026	--	1,066,000.00	--	3,059,387.50	1,578,187.50		
2027	--	--	--	3,186,387.50	1,112,187.50		
2028	--	--	--	3,311,387.50	1,157,937.50		
2029	--	--	--	3,446,387.50	1,200,937.50		
2030	--	--	--	3,582,887.50	1,251,187.50		
2031	--	--	--	3,727,687.50	1,303,187.50		
2032	--	--	$ 3,290,000.00	586,187.50	1,353,137.50		
2033	--	--	4,030,000.00	--	1,405,812.50		
2034	--	--	4,190,000.00	--	1,462,562.50		
2035	--	--	4,360,000.00	--	1,523,062.50		
2036	--	--	4,535,000.00	--	1,580,250.00		
2037	--	--	4,715,000.00	--	1,643,925.00		
2038	--	--	1,555,000.00	--	1,709,675.00		
2039	--	--	--	--	1,781,093.76		
2040	--	--	--	--	1,848,968.76		
2041	--	--	--	--	1,923,300.00		
2042	--	--	--	--	2,003,750.00		
2043	--	--	--	--	2,081,500.00		
2044	--	--	--	--	2,166,750.00		
2045	--	--	--	--	2,253,750.00		
2046	--	--	--	--	2,342,000.00		
2047	--	--	--	--	2,436,000.00		
Totals	**$825,000.00**	**$7,460,663.00**	**$26,675,000.00**	**$36,943,887.50**	**$44,589,887.52**		

[1] This column does not take into account the planned refunding of the Refunded Bonds as described herein.

[2] This row includes completed February 1 debt service portion of the period, if any.

BOND INSURANCE

The District has applied for an insurance policy to insure payment of all or part of the principal of and interest on the Refunding Bonds. As of this date the District has not determined if such insurance would be cost effective and so has not yet accepted a commitment for insurance.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal of and interest on the Refunded Bonds when due, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of Bonds of the District. The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law.

Not a County Obligation

No funds of the County are pledged or obligated to repayment of the Refunding Bonds. The Refunding Bonds are payable solely from the proceeds of *ad valorem* taxes to be levied and collected by the County within the District pursuant to the California Constitution and other State law, for the payment by the District of principal of and interest on the Refunding Bonds, and are not a debt or obligation of the County. Although the County is obligated to collect the *ad valorem* tax for the payment of the Refunding Bonds, the Refunding Bonds are not a debt (or a pledge of the full faith and credit) of the County.

Property Taxation System

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

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

Pledge of Tax Revenues and Statutory Lien

Under State law, school districts may levy *ad valorem* taxes to pay principal and interest on general obligation bond debt that, like the Refunding 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* 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 *ad valorem* taxes levied to pay the Refunding Bonds to a purpose other than payment of the Refunding Bonds.

Pursuant to the Resolution, the District has pledged revenues from the *ad valorem* taxes collected from the levy by the Board of Supervisors to the payment of the Refunding 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 Refunding Bonds (the "Pledge"). This Pledge is valid and binding from the date of adoption of the Resolution for the benefit of the owners of the Refunding Bonds and successors thereto. The Pledge provides security for the Refunding Bonds in addition to the statutory lien described below. The Refunding Bonds, secured by the Pledge, are being issued to refinance one or more of the bonds which provided funds for projects under the 1995 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 Refunding 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 Refunding 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 Refunding 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.

On March 26, 2019, the United States Court of Appeals for the First Circuit ("First Circuit") issued an opinion regarding the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The First Circuit ruled that Sections 928(a) and 922(d) of the United States Bankruptcy Code permit, but do not require, continued payment during the pendency of bankruptcy proceedings, reasoning those provisions stand for the premise that any consensual prepetition lien (as evidenced here by the Pledge) secured by special revenues will survive the period of municipal bankruptcy, and, accordingly, municipalities can elect to voluntary continue payment on these debts during the course of the bankruptcy proceedings so as to not fall behind and thus be at risk of being unable to secure financing in the future. To the extent the decisions in these appeals affect the treatment or scope of special revenues in bankruptcy cases, they may also affect the creditworthiness of the Refunding Bonds. See also, "OTHER LEGAL MATTERS – Possible Limitation on Remedies," herein.

Coronavirus

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, 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 the stock market, in the United States and globally have seen significant recent volatility and decline 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. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Both the United States and the State of California have passed relief legislation, providing funding to combat the outbreak, stimulate the economy, and address certain funding concerns of school districts, among others.

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. 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 Refunding 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 Coronavirus Pandemic" and "STATE BUDGET – *Coronavirus – Potential Effects on Assumptions and State Budget Process.*"

Assessed Valuation of Property within the District

Taxable property located in the District has a 2019-20 assessed value of $4,699,501,900. All property (real, personal, and intangible) is taxable unless an exemption is granted by the California 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. See "*– 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 also is required to assess pipelines, flumes, canals, and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

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.

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

The following table shows a historical summary of assessed valuation of property in the District.

TABLE 5
LOS BANOS UNIFIED SCHOOL DISTRICT
Assessed Valuation Summary
Fiscal Year 2003-04 through Fiscal Year 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2003-04	$2,064,555,342	$2,276,710	$120,559,559	$2,187,391,611	--
2004-05	2,338,567,555	2,411,952	125,352,897	2,466,332,404	12.75%
2005-06	2,777,615,630	3,014,821	126,158,842	2,906,789,293	17.86%
2006-07	3,506,619,293	2,963,868	127,981,469	3,637,564,630	25.14%
2007-08	3,977,874,838	2,403,455	130,394,270	4,110,672,563	13.01%
2008-09	3,863,829,253	2,403,455	152,540,053	4,018,772,761	(2.24%)
2009-10	2,747,230,046	2,403,455	149,061,697	2,898,695,198	(27.87%)
2010-11	2,604,020,499	2,403,455	143,825,933	2,750,249,887	(5.12%)
2011-12	2,647,279,375	2,793,209	154,638,563	2,804,711,147	1.98%
2012-13	2,666,167,371	2,793,209	171,837,629	2,840,798,209	1.29%
2013-14	2,804,767,432	2,793,209	190,078,916	2,997,639,557	5.52%
2014-15	3,124,598,095	3,349,656	189,555,694	3,317,503,445	10.67%
2015-16	3,325,291,847	3,346,027	214,959,089	3,543,596,963	6.82%
2016-17	3,572,832,642	3,334,501	213,493,633	3,789,660,776	6.94%
2017-18	3,810,354,038	3,222,937	226,873,236	4,040,450,211	6.62%
2018-19	4,100,886,298	192,017	227,398,407	4,328,476,722	7.13%
2019-20	4,465,025,104	192,239	234,284,557	4,699,501,900	8.57%

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in 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 marked 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.

Initiative for Split-Roll Approach to Property Taxation. A State constitutional amendment designated as the California Schools and Local Community Funding Act of 2020, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the State Constitution to change to a split roll approach to determine non-residential property values for purposes of property taxation. If approved, the State Constitution will be amended to provide for the reassessment to fair market value of certain commercial and industrial real properties every three years, overriding the current two percent limitation on annual assessment increases until a property changes ownership. (See APPENDIX A – "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS - Article XIIIA of the California Constitution" and "– Split Roll Property Tax Ballot Measure.") The resulting increases in property tax revenues would be allocated among local public agencies. The District cannot predict if such initiative will be successful or the impact it 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 assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction 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. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article 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. According to the website of the Merced County Assessors' office, the County has in the past, pursuant to Article XIIIA of the State Constitution and Proposition 8, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

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

Assessed Valuation by Jurisdiction. The following table shows the District's fiscal year 2019-20 assessed valuation of property by amount and percentage within the City of Los Banos and within the unincorporated areas of Merced County.

TABLE 6
LOS BANOS UNIFIED SCHOOL DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Los Banos	$3,109,064,142	66.16%	$3,109,064,142	100.00%
Unincorporated Merced County	1,590,437,758	33.84	$13,752,958,888	11.56%
Total District	$4,699,501,900	100.00%		
Total Merced County	$4,699,501,900	100.00%	$25,847,859,359	18.18%

Source: California Municipal Statistics, Inc.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2019-20 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $117,487,547.5 million and its net bonding capacity is approximately $52,300,000 million (taking into account current outstanding debt before issuance of the Refunding Bonds and the 2019-20 assessed valuation of taxable property within the District of $4,699,501,900). Although such calculation does not limit the issuance of school district refunding bonds, the Refunding Bonds, when issued, will not cause the District to exceed its bonding capacity.

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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 2019-20 tax roll by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

TABLE 7
LOS BANOS UNIFIED SCHOOL DISTRICT
Secured Assessed Valuation and Parcels by Land Use
Fiscal Year 2019-20

Non-Residential:	2019-20 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 935,821,759	20.96%	2,423	15.12%
Commercial	416,782,449	9.33	499	3.11
Vacant Commercial	42,417,321	0.95	181	1.13
Industrial/Food Processing	419,204,691	9.39	84	0.52
Vacant Industrial	6,553,429	0.15	58	0.36
Recreational/Duck Clubs	39,774,659	0.89	168	1.05
Government/Social/Institutional	7,441,739	0.17	18	0.11
Miscellaneous	2,528,844	0.06	38	0.24
Subtotal Non-Residential	$1,870,524,891	41.89%	3,469	21.65%
Residential:				
Single Family Residence	$2,404,077,526	53.84%	10,975	68.50%
Condominium	28,499,675	0.64	188	1.17
Mobile Home	11,158,335	0.25	480	3.00
Mobile Home Park	4,963,955	0.11	1	0.01
2-4 Residential Units	47,133,474	1.06	266	1.66
5+ Residential Units/Apartments	24,989,713	0.56	49	0.31
Miscellaneous Residential	12,934,595	0.29	35	0.22
Vacant Residential	60,742,940	1.36	558	3.48
Subtotal Residential	$2,594,500,213	58.11%	12,552	78.35%
Total	**$4,465,025,104**	**100.00%**	**16,021**	**100.00%**

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

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 2019-20, including mean and median value per parcel.

TABLE 8
LOS BANOS UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2019-20

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	10,975	$2,404,077,526	$219,050	$206,574

2019-20 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	27	0.246%	0.246%	$ 458,250	0.019%	0.019%
$25,000 - $49,999	162	1.476	1.722	6,703,127	0.279	0.298
$50,000 - $74,999	405	3.690	5.412	25,292,285	1.052	1.350
$75,000 - $99,999	639	5.822	11.235	56,346,009	2.344	3.694
$100,000 - $124,999	862	7.854	19.089	97,820,960	4.069	7.763
$125,000 - $149,999	1,211	11.034	30.123	166,471,725	6.925	14.687
$150,000 - $174,999	1,014	9.239	39.362	164,683,091	6.850	21.537
$175,000 - $199,999	941	8.574	47.936	175,846,993	7.315	28.852
$200,000 - $224,999	789	7.189	55.125	167,283,897	6.958	35.810
$225,000 - $249,999	830	7.563	62.688	196,865,271	8.189	43.999
$250,000 - $274,999	769	7.007	69.695	201,435,122	8.379	52.378
$275,000 - $299,999	822	7.490	77.185	236,326,786	9.830	62.208
$300,000 - $324,999	722	6.579	83.763	225,163,389	9.366	71.574
$325,000 - $349,999	518	4.720	88.483	174,205,126	7.246	78.820
$350,000 - $374,999	404	3.681	92.164	146,049,952	6.075	84.895
$375,000 - $399,999	300	2.733	94.897	115,627,769	4.810	89.705
$400,000 - $424,999	231	2.105	97.002	94,897,064	3.947	93.652
$425,000 - $449,999	170	1.549	98.551	74,189,887	3.086	96.738
$450,000 - $474,999	70	0.638	99.189	32,357,921	1.346	98.084
$475,000 - $499,999	45	0.410	99.599	21,937,531	0.913	98.997
$500,000 and greater	44	0.401	100.000	24,115,371	1.003	100.000
	10,975	100.000%		$2,404,077,526	100.000%	

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

Largest Taxpayers in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2019-20 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

TABLE 9
LOS BANOS UNIFIED SCHOOL DISTRICT
Largest Secured Taxpayers
Fiscal Year 2019-20

Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total [1]
1. Morning Star Packing Co./Liberty Packing	Industrial – Food Processing	$214,137,164	4.80%
2. Ingomar Packing Company LLC	Industrial – Food Processing	85,081,932	1.91
3. Hostetler Ranches LLC	Agricultural	43,104,138	0.97
4. Bowles Farming Company Inc.	Agricultural	36,834,384	0.82
5. Kagome USA Inc.	Industrial – Food Processing	32,617,822	0.73
6. California Dairies Inc.	Industrial – Food Processing	30,189,646	0.68
7. Wal-Mart Real Estate Business Trust	Commercial	29,930,581	0.67
8. Stonefield Home Inc.	Residential	26,022,917	0.58
9. Tri Iest Dairy	Agricultural	23,065,029	0.52
10. Target Corp.	Commercial	22,479,458	0.50
11. Texeira & Sons	Agricultural	20,837,259	0.47
12. A & H Investments	Agricultural	20,740,709	0.46
13. David & Carolyn Santos Farms LP	Agricultural	17,678,931	0.40
14. HPT TA Properties Trust	Commercial	14,904,895	0.33
15. Stonefield Equity LLC	Agricultural	14,666,918	0.33
16. Jose A. and Mary Odete Nunes, Trust	Agricultural	14,500,736	0.32
17. Home Depot USA Inc.	Commercial	13,230,520	0.30
18. Pioneer Development Company Inc.	Residential Land	12,666,186	0.28
19. Philip E. & Jamie N. Bowles, Trustee	Agricultural	12,518,607	0.28
20. Lark Creek Properties LLC	Commercial	12,484,418	0.28
		$697,692,250	15.63%

[1] 2019-20 Local secured assessed valuation: $4,465,025,104
Source: California Municipal Statistics, Inc.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Refunding 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 Refunding 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, 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 Refunding Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 4-0001 (a typical tax rate area located in the City of Los Banos) for fiscal years 2014-15 through 2019-20.

TABLE 10
LOS BANOS UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 4-001) [1]
Fiscal Years 2014-15 through 2019-20

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Los Banos Unified School District	0.0961	0.1070	0.1144	0.0792	0.0711	0.0797
Merced Community College District SFID No. 2	0.0234	0.0214	0.0207	0.0209	0.0202	0.0218
Total	$1.1195	$1.1284	$1.1351	$1.1001	$1.0913	$1.1015

[1] 2019-20 assessed valuation of TRA 4-001 is $1,749,967,332 which is 37.24% of the District's assessed valuation.
Source: California Municipal Statistics, Inc.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special ad *valorem taxes* property for voter-approved indebtedness, including the Refunding 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 and a $10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurers.

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 attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. 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 – Coronavirus" 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 unprecedented events of the coronavirus pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

In connection with the recent outbreak of COVID-19, the California Association of County Treasurers and Tax Collectors issued a statement reminding its membership that county tax collectors have the authority to handle specific scenarios where a taxpayer cannot physically pay their taxes on April 10 due to quarantine, illness or closure of the tax collector's office as a result of COVID-19 and, in such cases, a county tax collector may utilize that authority pursuant to Revenue and Taxation Code section 4985.2, to waive interest or penalties that would otherwise be imposed or collected with respect to a delinquent second installment of property taxes levied for the 2019-2020 fiscal year on residential real property. The District cannot predict the extent of delinquencies and delayed tax collections, or the resulting impact on the District's financial condition or operations.

In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20. Under Executive Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021, to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Executive Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Executive Order N-61-20 have on property tax revenues are unknown at this time.

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, including Executive Order N-61-20 described above, 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, particularly with regard to actions that might be taken in an attempt to mitigate the impacts of the COVID-19 pandemic.

Teeter Plan

The Board of Supervisors of the County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the "Teeter Plan." The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk, which in turn makes it more certain that sufficient funds will be available for the District's repayment of the Refunding Bonds.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The Merced County Board of Supervisors adopted the Teeter Plan in 1993.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The County has never discontinued the Teeter Plan with respect to any levying agency.

If the Teeter Plan for the County was terminated, the amount of the levy of *ad valorem* secured property taxes in the District would depend upon the collections of the *ad valorem* secured property taxes and delinquency rates experienced with respect to the parcels within the District. 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 in the County 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. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County'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 could be caused by many factors outside the control of the District, See "—Tax Charges and Delinquencies" herein. Notwithstanding any possible future change to or discontinuation of the Teeter Plan in the County, however, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Refunding Bonds when due.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc., for debt as of August 1, 2020. 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.

TABLE 11
Statement of Direct and Overlapping Bonded Debt
Dated as of August 1, 2020

2019-20 Assessed Valuation: $4,699,501,900

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/20
Los Banos Unified School District	**100.000%**	**$65,188,714** (1)
Merced Community College District School Facilities Improvement District No. 2	83.983	4,870,886
Yosemite Community College District	0.039	99,885
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$70,159,485
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Merced County Certificates of Participation	18.181%	$ 4,541,810
Merced County Office of Education Certificates of Participation	18.181	1,762,648
Los Banos Unified School District Certificates of Participation	**100.000**	**19,935,000**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$26,239,458
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$20,920,271
COMBINED TOTAL DEBT		$117,319,214 (2)

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($65,188,714)	**1.39%**
Total Direct and Overlapping Tax and Assessment Debt	1.49%
Combined Direct Debt ($85,123,714)	**1.81%**
Combined Total Debt	2.50%

Ratios to Redevelopment Incremental Valuation ($603,129,966):

Total Overlapping Tax Increment Debt	3.47%

Source: California Municipal Statistics, Inc.

MERCED COUNTY INVESTMENT POOL

The following information concerning the County of Merced Investment Pool (the "Investment Pool" or "Pool") has been obtained from the Merced County website (http://www.mercedtaxcollector.org/treas_main.html) and has not been independently confirmed or verified by the District. The 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 Merced County Board of Supervisors approved the current County Investment Policy Statement (the "Investment Policy") on November 19, 2019 (See "APPENDIX F – MERCED COUNTY INVESTMENT POLICY AND PORTFOLIO SUMMARY"). The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. The primary investing goals, in order of priority are: Safety, Liquidity, and Yield.

Oversight of the investments is conducted in several ways. The County's Treasury Oversight Committee annually reviews and monitors the Investment Policy. Next, the Auditor-Controller's Internal Audit Division audits the portfolio on a quarterly and annual basis pursuant to California Government Code Sections 26920 and 26922. Finally, an independent audit is also conducted annually as required by Sections 27130 through 27137 of California Government Code and the Investment Policy. All audit reports, and the quarterly Treasurer's Investment Reports are available on-line at http://www.mercedtaxcollector.org/treas_main.html. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

The District's funds held by the County Treasurer are invested in the Investment Pool. As of December 31, 2019, the market value of the Pool was $1,074,551,684. Approximately 30% of the Pool's assets are invested in securities with virtually no credit risk (i.e., U.S. Treasury and U.S. Agencies). As of December 31, 2019, the Pool had a weighted average maturity of 533 days. See "APPENDIX F – MERCED COUNTY INVESTMENT POLICY AND PORTFOLIO SUMMARY."

None of the District, the Financial Advisor, or the Underwriter has made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the 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 of the County, 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 Pool will not vary significantly from the values described herein.

TAX MATTERS

In the opinion of Lozano Smith, LLP, Sacramento, California, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, under existing law, the interest on the Refunding 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 Refunding Bonds is exempt from State of California personal income taxes.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

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 Refunding 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 Refunding Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Refunding 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 Refunding 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 Refunding Bonds to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Refunding Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Refunding Bonds who purchase the Refunding Bonds after the initial offering of a substantial amount of such maturity. Owners of such Refunding Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Refunding 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 Refunding 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 Refunding Bond (said term being the shorter of such Refunding 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 Refunding Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Refunding Bond is amortized each year over the term to maturity of the Refunding 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 Refunding Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Refunding 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 Refunding Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Refunding 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 Refunding Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Refunding 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 Refunding Bonds may adversely affect the value of, or the tax status of interest on, the Refunding 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 Refunding Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Refunding 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 Refunding 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 Refunding 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 Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Refunding 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 Refunding Bonds ends with the issuance of the Refunding 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 Refunding 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 Refunding 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 Refunding Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinions

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Refunding Bonds at the time of issuance substantially in the form set forth in APPENDIX D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, Sacramento, California, as Disclosure Counsel to the District, and for the Underwriter by Kutak Rock LLP, Denver, Colorado.

Legality for Investment in California

Under the provisions of the California Financial Code, the Refunding Bonds are legal investments for commercial banks in California to the extent that the Refunding 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 Refunding Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Refunding Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the MSRB (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than 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), commencing with the report for the 2019-20 fiscal year (which is due no later than March 31, 2021), and 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").

[TO BE CONFIRMED]
[The District has existing disclosure undertakings pursuant to the Rule. In the five year period previous to 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 previous continuing disclosure undertakings pursuant to the Rule.

The District has retained the firm Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, Irvine, California, to prepare and file all required Annual Reports and Listed Event notices, to assist with ongoing compliance monitoring and auditing, and to serve as its Dissemination Agent with respect to all prior and new undertakings, including with respect to the Refunding Bonds.

Absence of Material Litigation

No litigation is pending or threatened concerning or contesting the validity of the Refunding Bonds or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Refunding Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Refunding Bonds or District officials who will sign certifications relating to the Refunding Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Refunding 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 Refunding 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 Refunding Bonds and the Resolution (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 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 Refunding 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 Refunding Bonds and may invest these funds in the County investment portfolio, as described in "MERCED COUNTY INVESTMENT POOL" herein and APPENDIX F – "MERCED COUNTY INVESTMENT POLICY AND PORTFOLIO SUMMARY" 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 Refunding Bonds, it is not entirely clear what procedures the owners of the Refunding 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 Refunding Bonds.

Escrow Verification

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

MISCELLANEOUS

Ratings

[TO COME]

Professionals Involved in the Offering

Lozano Smith, LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Refunding Bonds, and will receive compensation contingent upon the sale and delivery of the Refunding Bonds.

Kutak Rock LLP, is acting as counsel to the Underwriter.

Fieldman, Rolapp & Associates, Inc., Irvine, California, (the "Financial Advisor"), has been employed by the District to perform financial services in relation to the sale and delivery of the Refunding Bonds. The Financial Advisor will not participate in the underwriting of the Refunding Bonds. The Financial 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. Fees charged by the Financial Advisor are contingent upon the sale of the Refunding Bonds.

Underwriting

The Refunding Bonds are being purchased for reoffering to the public by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to the terms of a bond purchase agreement relating to the Refunding Bonds, by and between the Underwriter and the District (the "Purchase Agreement").

The Underwriter has agreed to purchase the Refunding Bonds at a price of $_____ (being equal to the aggregate principal amount of the Refunding Bonds, plus/less net original issue premium/discount of $_____, less an underwriter's discount of $_____). The Purchase Agreement provides that the Underwriter will purchase

all of the Refunding Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Refunding Bonds to the public. The Underwriter may offer and sell the Refunding Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Refunding Bonds. Quotations from and summaries and explanations of the Refunding Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting: Los Banos Unified School District, 1717 South 11th Street, Los Banos, California 93635-4800, Attention: Assistant Superintendent of Administrative Services, or from the District's Financial Advisor, Fieldman, Rolapp & Associates, Inc., 19900 MacArthur Boulevard, Suite 1100, Irvine, California 92612-2445.

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 Refunding Bonds.

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

LOS BANOS UNIFIED SCHOOL DISTRICT

By: _____

Dr. Mark Marshall, Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

THE DISTRICT

Introduction

Los Banos Unified School District (the "District") was established in 1965 and is located in Merced County in California's Central Valley. The District operates eight elementary schools, two junior high schools, two comprehensive high schools, one alternative high school, and one independent study school. The District's area equals approximately 640 square miles serving approximately 11,084 students.

Administration

The District is governed by a seven-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board of Education are held every two years, alternating between three and four available positions. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

LOS BANOS UNIFIED SCHOOL DISTRICT
Board of Education Members

Name	Office	Term Expires
Mr. Anthony Parreira	President	December 2022
Mrs. Margaret Benton	Vice President	December 2020
Mr. Gary Munoz	Clerk	December 2020
Mr. Luis Castro	Member	December 2020
Mr. Ray Martinez	Member	December 2022
Ms. Anahi Rodriguez	Member	December 2022
Mrs. Marlene Smith	Member	December 2022

Superintendent and 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.

Dr. Mark Marshall, Superintendent. Dr. Marshall was hired by the District as Superintendent in 2017. Prior to joining the District, Dr. Marshall served as Superintendent of Eastside Union School District for five years. Dr. Marshall received a Master's in Special Education from Nicholls State University, an Ed.S. Degree at the University of West Georgia, and a Doctorate in Educational Leadership from Auburn University

Amer Iqbal, Assistant Superintendent, Administrative Services. Mr. Iqbal originally joined the District in December 2017 as the Director of Fiscal Services. Prior to joining the District, Mr. Iqbal was Director of Fiscal Services for Coalinga Huron Unified School District. Mr. Iqbal received a M.Sc. in Economics from University of Idaho, Moscow, Idaho.

Impact to District Operations and Budget Due to Coronavirus Pandemic

The recent outbreak of a novel strain of coronavirus which causes a respiratory illness known as COVID-19 has and continues to impact the operations of federal, state, and local governments, as these entities join in a widespread effort to slow the transmission of the virus. Health officials and experts are recommending, and some governments and officials are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, the Governor proclaimed a State of Emergency to make additional resources available, formalize emergency actions already underway, and help the State prepare for broader spread of COVID-19.

The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities, and schools. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have shown recent volatility attributed to coronavirus concerns.

This situation, and the guidance from federal, State, and local officials in response to the outbreak, is rapidly developing, and although the Refunding Bonds are payable solely from *ad valorem* property taxes and not payable from the general fund of the District, the 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 social distancing 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. See "DISTRICT FINANCIAL INFORMATION - State Funding of Education" in this APPENDIX A. Under existing law, in the event the District experiences ADA loss, the District may apply for a State waiver, known as a J-13A waiver, to minimize the fiscal impact of ADA loss due to emergency, however no representation can be made that such an application would be granted.

In connection with short-term impacts, however, on March 13, 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 provides 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.

On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential services and activity. The State has since begun easing certain of the restrictions, and pursuant to the Governor's Executive Order N-60-20 of May 4, 2020, on May 7, 2020, the State's Public Health Officer released an order supporting the gradual movement of the State from Stage 1 to Stage 2 of "California's Pandemic Resilience Roadmap," allowing for the reopening of certain kinds of retail, manufacturing and other "low risk" businesses if physical distancing measures are implemented. To date, confirmed coronavirus cases are rising in certain counties, prompting the Governor, on July 1, 2020, or order the closure of indoor restaurants, wineries, movie theaters, and other venues in 19 counties considered high-risk for surging cases.

Local jurisdictions within the State have also issued their own shelter-in-place orders. Local orders can impose greater restrictions than are contained in the State order. There are certain factors that will be monitored which could result in modifying the order. Although the Statewide shelter-in-place order remains in effect as of the date hereof, businesses in certain regions of the State have been allowed to re-open, provided certain social distancing and sanitation guidelines are met, among others.

On March 16, 2020, and at the request of the Governor, the California Legislature presented two bills to the Governor for his 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 $500,000,000 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.

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.

[DESCRIPTION OF DISTRICT ACTIONS TAKEN AND PLANNED IN CONNECTION WITH PANDEMIC, TO COME]

[The District expects to receive approximately $[_____] under the CARES Act and SB 117. While SB 117, the CARES Act, and the federal emergency aid will provide 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 the full impact of COVID-19 on its actual results for fiscal year 2019-20, 2020-21, or future fiscal years. The District's leadership team is currently working on plans to reopen schools for its academic year 2020-21 at different levels of capacity, with the ability to adjust such capacity depending upon the evolving impacts of COVID-19. With respect to its pension costs, the District cannot currently predict whether or to what extent its required employer contributions will be affected by the COVID-19 emergency, which could occur if the unfunded actuarial accrued liabilities of CalPERS and CalSTRS materially increase.

The District cannot predict whether the State will access its reserves and whether any of such funds will be provided to school districts, including the District. The District also cannot predict whether additional legislation will be enacted in the event the outbreak of COVID-19 continues into fiscal year 2020-21 or beyond 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. As a result of the COVID-19 emergency, the State's revenues are predicted to decline sharply from the original budget for the current fiscal year, and in the near future. A corresponding decline in education funding is expected, 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 2020-21 adopted 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 Refunding 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.

Enrollment

District enrollment increased by 7.3% between 2015-16 and 2019-20. The District has projected enrollment of 11,129 for fiscal year 2020-21, not including county-instructed students.

Impact to Average Daily Attendance Due to COVID-19 Pandemic. SB 117 provides that, for all school districts that comply with Executive Order N-26-20, 2019-20 average daily attendance ("ADA") will be calculated for the purpose of LCFF funding based only on attendance through February 29, 2020. The intended effect of SB 117 is that the abrupt closure of District school campuses, beginning in March 2020 in response to the pandemic, will have little to no impact on the District's ADA for purposes of LCFF funding for the 2019-20 fiscal year. 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 (see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Coronavirus" and APPENDIX A – "THE DISTRICT – Impact to District Operations and Budget Due to Coronavirus Pandemic"). The District cannot predict the extent of such events or impacts, or the resulting effect on the funding it receives from the State.

The following table shows enrollment and ADA history for the District for the current and previous ten fiscal years, and the projected enrollment and ADA for 2020-21.

TABLE A-2
LOS BANOS UNIFIED SCHOOL DISTRICT
Enrollment and Average Daily Attendance [1]
Fiscal Years 2008-09 through 2020-21

Fiscal Year	Enrollment	Annual % Change	Average Daily Attendance [1]	Annual % Change
2008-09	8,749	(2.22)%	8,174	(2.04)%
2009-10	9,038	3.30%	8,437	3.22%
2010-11	9,252	2.37%	8,681	2.89%
2011-12	9,524	2.94%	8,990	3.56%
2012-13	9,790	2.27%	9,227	2.64%
2013-14	9,958	1.72%	9,423	2.12%
2014-15	10,108	1.51%	9,516	0.99%
2015-16	10,326	2.16%	9,768	2.65%
2016-17	10,580	2.46%	9,998	2.35%
2017-18	10,863	2.70%	10,289	2.91%
2018-19	11,072	1.92%	10,472	1.78%
2019-20	11,084	0.11%	10,471	0.00%
2020-21 [2]	11,129	0.41%	10,977	4.83%

Note: All amounts are rounded to the nearest whole number.
[1] Except for 2020-21, reflects ADA as of the second principal reporting period (P-2 ADA), ending on April 15 of each school year. Includes charter school and county instructed students, but excludes adult education and regional occupational program students.
[2] Projected.
Source: The District.

Labor Relations

As of June, 2020, the District employed [___] full-time equivalent certificated employees and [___] classified employees. In addition, the District currently employs approximately 527 part-time faculty and staff. There are two formal bargaining units in the District. The Los Banos Teachers Association (the "Teachers Association") represents the certificated employees and California Schools Employees Association (the "CSEA") represents the classified employees. The District's current contract with the Teachers Association expires June 30, [____]. The District's current contract with the CSEA expires on June 30, [____]. By law, each contract is in effect until a new contract is approved.

Retirement Benefits

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 to 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 2018-19, the District's estimated/budgeted contributions for fiscal year 2019-20 and 2020-21, 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 THE FISCAL YEAR ENDED JUNE 30, 2019, Note 12 – NET PENSION LIABILITY."

TABLE No. A-2
LOS BANOS UNIFED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2015-16 through 2020-21

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	3,341,816	1,667,692	
2016-17	4,395,323	1,795,001	
2017-18	6,899,286	3,115,885	
2018-19	6,875,492	3,016,934	
2019-20 [2]			
2020-21 [2]			

[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 2018-19; the District's 2019-20 Second Interim Report, and the District's 2020-21 Adopted Budget.

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. On July 1, 2018, however, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay, and remained at that level for the 2019-20 fiscal year. The State's total contribution also increased from approximately 3% in Fiscal Year 2013-14 to 7.828% of payroll in Fiscal Year 2019-20, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 10.328%.

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 2022-23 are shown in the following schedule:

TABLE No. A-3
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	18.40 [2]
July 1, 2021	18.60 [3]
July 1, 2022	18.10 [3]

[1] Expressed as a percentage of covered payroll.
[2] The 2019-20 State Budget provided supplemental payments to CalSTRS to reduce the unfunded actuarial obligation of the system and reduce contribution rates for employers and the State. Based on the additional amounts paid to CalSTRS, the employer contribution rate has been adjusted from 18.13% to 17.10% for fiscal year 2019-20 and from 19.10% to 18.40% for fiscal year 2020-21.
[3] Projected.
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 2019-20 were equal to 100% of the required contributions for each year (see Table No.A-2 above). 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. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that 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, members hired after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in Fiscal Years 2015-16 and 2016-17, 6.50% in Fiscal Year 2017-18 and 7.00% in Fiscal Year 2018-19. (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 13.888%, 15.531%, and 18.062% of eligible salary expenditures for Fiscal Years 2016-17, 2017-18, and 2018-19 respectively. Employer contribution rates for 2019-20 and projected through 2022-23 are shown in the following table.

TABLE No. A-4
EMPLOYER CONTRIBUTION RATES
CALPERS

Fiscal Year	Employer Contribution Rate [1]
2019-20	19.721
2020-21	22.700
2021-22 [2]	24.600
2022-23 [2]	25.300

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] Projected.
Source: CalPERS

On April 16, 2019, the CalPERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its summer 2019 release date. 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 projected employer contribution for fiscal year 2020-21 was projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, the addition of $904 million contributed by the State in July 2019, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to January 1, 2013, to those hired after such date, the projected employer contribution (as a percentage of payroll) was 22.8% and 24.9% for fiscal year 2020-21 and fiscal year 2021-22, respectively. State

legislation enacting the 2020-21 State Budget reallocates State contributions to the Schools Pool, resulting in adjusted employer contributions rate of 20.70% in 2020-21.

The District's contributions to CalPERS for fiscal years 2015-16 through 2019-20 equaled 100% of the required contributions for each year (see Table No. A-2 above). With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "– 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 and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and federal governments, 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 implements 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 will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number

25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 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, 2019, the District's proportionate share of net CalSTRS pension liability was 82,265,956, and the District's proportionate share of net CalPERS pension liability was 39,266,818. 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 THE FISCAL YEAR ENDED JUNE 30, 2019, Note 12 – NET PENSION LIABILITY." the District's proportionate share of the net STRS pension

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, prescription drug, dental, and vision benefits for its Certificated employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. Dental and vision benefits are 100% self-paid. Employees and retirees of groups other than Certificated have their health insurance coverage provided through the Self-Insured Schools of California (SISC III), a California Joint Powers Authority.

Plan Description. The District provides a self-funded, single employer, defined benefit plan to provide medical, prescription drug, dental and vision benefits to certificated, management, supervisory, administrative, classified, and Confidential employees and their spouses. Certificated, management, supervisory, confidential and Administrative employees may retire with District-paid medical/RX benefits after the later of age 55 and 20 years of service immediately prior to retirement. If the Retirement/Longevity benefit is eliminated in the future, certificated employees would be able to receive District-paid benefits after the later of age 55 and 12 years of service immediately prior to retirement.

For retirements on or after July 1, 2010, employees are eligible to retire with District-paid medical/RX after the later of age 57 and 20 years of full-time service. For retirements on or after July 1, 2020, employees are eligible to retire with District-paid benefits after the later of age 59 and 20 years of full-time service. Retirees after July 1, 2020 may self-pay benefits between ages 57 and 59 to retain eligibility for District-paid benefits commencing at age 59, if permitted by the carrier. District-paid benefits end at age 65. For the 2018-19 plan year, District contributions are limited to a cap of $1,397.41 per month forcCertificated retirees and $1,477.39 per month for Management, Supervisory, Confidential and Administrative retirees. Classified employees may retire with District-paid healthcare benefits after the later of age 55 and 15 years of service immediately prior to retirement. For retirements on or after July 1, 2010, employees are eligible to retire after the later of age of 57 (or eligibility for a PERS disability benefit and at least age 55 at time of retirement) and 15 years of service. District-paid benefits end at age 65. District contributions are limited to a cap of $1,512.04 per month for the 2018-19 plan year.

Funding and Accounting Practices. 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 District participates in the Self Insured Schools of California GASB 45 Trust (the "SISC GASB 45 Trust"), an agent multiple-employer plan with pooled administrative and investment functions. The SISC GASB 45 Trust was established as a mechanism for accumulating funding for other postemployment benefits liabilities. However, contributions are voluntarily determined by the District. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses, as applicable.

OPEB Liability. The District net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The District's total OPEB liability of $17,065,284 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018. The following table illustrates the changes in the District's total and net OPEB liability from July 1, 2017 to June 30, 2018, as shown in the District's audited financial statements as of June 30, 2019:

TABLE No. A-4
LOS BANOS UNIFIED SCHOOL DISTRICT
Changes in the Total and Net OPEB Liability

Total OPEB Liability as of July 1, 2017	**$14,131,092**
Service Cost	689,666
Interest	892,603
Difference between expected and actual experience	(898,851)
Changes in assumptions	3,061,003
Benefit Payments	(810,229)
Net Changes in Total OPEB Liability	$ 2,934,192
Total OPEB Liability as of June 30, 2018	**$17,065,284**
Plan Fiduciary Net Position as of July 1, 2017	**$ 4,019,535**
District Contributions	$ 1,321,145
Net Investment Income	354,104
Benefit Payments	(810,209)
Trustee fees	(2,198)
Administrative Expenses	(2,198)
Net Change in Plan Fiduciary Net Position	$ 860,644
Plan Fiduciary Net Position as of June 30, 2018	**$ 4,880,179**
Net OPEB Liability as of July 1, 2017	**$10,111,557**
Net OPEB Liability as of June 30, 2018	**$12,185,105**

Source: District Audit Report for fiscal year 2018-19.

For a description of the District's actuarial methods and assumptions, see APPENDIX C –"ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 - Note 7, Post-Employment Benefits Other than Pension Benefits" herein.

Public Entity Risk Pools and Joint Power Authorities

The District participates in four public entity risk pools under joint powers agreements ("JPAs"): Organization for Self-insured Schools ("O.S.S."), Merced County Schools Insurance Group ("M.C.S.I.G."), California's Valued Trust (C.V.T.), and the Self-Insured Schools of California ("S.I.S.C. III"). The relationship between the Los Banos Unified School District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

The JPAs were established as agencies under the provisions of the California Government Code, Title I, Division 7, Chapter 5, Article 1, Section 6500, et. seq. Membership in the JPAs consists of various public educational agencies.

The JPAs are governed by boards consisting of representatives from the member public educational agencies and related associations. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by member public educational agencies beyond their representation on the board. Each member public educational agency pays a premium based on student population, or number of covered individuals. Surpluses remain in each fund or JPA, while deficits are covered by assessments on the member districts in proportion to their participation in each JPA.

The purpose of each JPA is to provide self-insurance programs as follows:

O.S.S. provides a self-insurance program for liability and property claims against the public educational agency members, and provides a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance.

M.C.S.I.G. is an insurance purchasing pool for workers' compensation insurance. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the JPA.

C.V.T. provides the services necessary and appropriate for the establishment, operation and maintenance of a medical self-insurance fund that provides for the payment of medical, dental, vision, and prescription claims of the member public educational agency employees and their covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations. District certificated employees are covered under this JPA.

S.I.S.C. III provides the services necessary and appropriate for the establishment, operation and maintenance of a medical Self-Insurance Fund that provides for payment of medical, dental, vision, and prescription claims of the member public educational agency employees and the if covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations. District CSEA and unrepresented employees are covered under this JPA.

During the last three fiscal (claims) years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

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 audited financial statements and, in some cases, from unaudited information provided by the District's finance department. The District's most recent audited financial statements of the District, including an unqualified auditor's opinion, are included as APPENDIX C hereto. See "APPENDIX C – AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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 Financial Advisor, nor the Underwriter is responsible for the information relating to the State's budgets provided in this section.

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 A.B. 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 specific Base Grants, per unit of ADA for fiscal year 2019-20, 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. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. 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.

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. A.B. 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 sum of a school district's adjusted Base, Supplemental and Concentration Grants is multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school

districts). This funding amount, together with any applicable categorical block grant add-ons, yields 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 schools districts, known as "basic aid" 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. The District is not a basic aid school district and formerly was a revenue limit district.

Accountability. The SBE 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 A.B. 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 SBE has adopted a template LCAP for use by school districts.

Senate Bill 98 ("SB 98") the Budget Education Trailer Bill enacted as part of the 2020-21 State Budget, suspends the requirement to adopt a LCAP for the 2020-21 school year, due to the ongoing COVID-19 pandemic. Instead, for the 2020-21 school year, school districts are required to adopt a "learning continuity and attendance plan," by September 30, 2020. School districts will still be required to adopt a "budget overview for parents," normally required as an accompanying part of the LCAP process, though the deadline is extended to December 15, 2020 for the 2020-21 school year.

Support and Intervention. A.B. 97 establishes a new system of support and intervention to assist school districts to meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (a) the LCAP or annual update adheres to the SBE template, and (b) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes.

Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs. In late 2015, the SBE developed rubrics to assess school district performance and the need for support and intervention.

A.B. 97 also authorizes the State Superintendent of Public Instruction (the "State Superintendent"), with the approval of the SBE, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (a) modify a district's LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized under A.B. 97 to rescind an action required by a local collective bargaining agreement.

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 Sources. State funding, under the LCFF, consists of Base Grants and supplemental grants, and, prior to implementation of the LCFF, the District received State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Education Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. Most of the federal revenues received by the District are restricted.

Other State Revenues. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for 14 programs was excluded from the LCFF—including, among others, child nutrition, after school education and safety, special education, and State preschool—and school districts will continue to receive restricted State revenues to fund these programs. The District receives other State revenues funding items such as the After School Education and Safety Funding, Home-to-School Transportation, Economic Impact Aid, and Special Education.

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997- 98 levels must be restricted to use on instruction material. The District received an estimated $[_____] in Lottery money in fiscal year 2019-20, and has budgeted receipt of $[____] for fiscal 2020-21.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as the leasing of property owned by the District and interest earnings.

Accounting Practices

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

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

Governmental funds are generally accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available, except for certain revenue sources which are not susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred.

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

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.

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 most recent audit report was prepared by Jeanette L. Garcia & Associates, Certified Public Accountants, Redlands, 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.

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. See "APPENDIX C – AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." 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 2016-17 through 2018-19.

TABLE A-6
LOS BANOS UNIFIED SCHOOL DISTRICT
Summary of Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2016-17 through 2018-19 [1][2]

	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues			
LCFF Sources	$ 98,238,159	$104,911,474	$114,779,425
Federal Revenue	5,192,325	5,638,335	7,184,803
Other State Revenue	13,536,838	12,389,323	20,313,622
Other Local Revenue	1,725,501	1,380,230	1,665,527
Total Revenues	$118,692,823	$124,319,362	$143,943,377
Expenditures			
Certificated Salaries	$ 46,807,583	$ 49,843,203	$ 53,394,577
Classified Salaries	15,919,156	18,383,095	19,402,376
Employee Benefits	29,650,270	33,540,704	41,410,916
Books and Supplies	6,038,295	4,827,157	5,939,706
Services and Other Operating Expenditures	8,066,205	8,816,421	11,488,897
Other Outgo	1,513,906	1,964,813	2,123,311
Direct Support Indirect Costs	(300,568)	(350,245)	(349,465)
Capital Outlay	2,607,524	1,494,971	3,586,043
Debt Service	1,197,094	1,082,934	1,000,674
Total Expenditures	$111,499,465	$119,603,053	$137,997,035
Excess (Deficiency) of Revenues Over Expenditures	$ 7,193,358	$ 4,716,309	$ 5,946,342
Other Financing Sources and Uses			
Other Sources	--		53,697
Transfers Out	$ (3,516,899) [3]	$ (35,758)	$ (2,036,371) [4]
Net Change in Fund Balance	$ 3,676,460	$ 4,680,551	$ 3,963,668
Beginning Fund Balance	$ 11,242,071	$ 14,918,530	$ 19,599,081
Ending Fund Balance	$ 14,918,530	$ 19,599,081	$ 23,562,749

[1] Restricted and Unrestricted General Fund Revenues.
[2] Totals may not add due to rounding.
[3] $3,500,000 transfer to facilities fund, and $16,899 contribution to food services for bad debt.
[4] [FOOTNOTE TO COME]
Source: District Audit Reports for fiscal years 2016-17 through 2018-19.

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's general fund reserves for 2012-13 through 2020-21 are shown in the following table:

TABLE A-5
LOS BANOS UNIFIED SCHOOL DISTRICT
General Fund Reserves
2012-13 through 2020-21

Fiscal Year Ending June 30	Reserve Amount
2012-13 (1)	$14,636,281
2013-14 (1)	$12,855,545
2014-15 (1)	$10,933,765
2015-16 (1)	$12,293,154
2016-17 (1)	$14,918,530
2017-18 (1)	$19,599,081
2018-19 (1)	$23,562,749
2019-20 (2)	$16,894,888
2020-21 (3)	$17,163,610

(1) Audited figures.
(2) Estimated.
(2) Budgeted.
Source: District Audit Reports for fiscal years 2012-13 through 2018-19, Second Interim Report for 2019-20, and Adopted Budget for 2020-21.

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 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.

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 Trustees 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.

In the five fiscal years including and prior to 2020-21, the District has not had an adopted budget disapproved by the County Superintendent of School.

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The following table summarizes the District's projected year totals for fiscal year 2019-20 as of the 2019-20 Second Interim Report, and general fund budget (restricted and unrestricted funds) for fiscal year 2020-21, as reported by the District's Adopted Budget for fiscal year 2020-21.

TABLE A-7
LOS BANOS UNIFIED SCHOOL DISTRICT
Summary of Projected and Budgeted General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2019-20 and 2020-21 [1], [2]

Revenues	Projected Year Totals 2019-20	Adopted Budget 2020-21
LCFF Sources	$118,197,607	$107,367,393
Federal Revenue	11,061,285	7,117,902
Other State Revenue	12,548,273	12,180,239
Other Local Revenue	1,118,725	317,420
Total Revenues	$142,925,890	$126,982,954
Expenditures		
Certificated Salaries	$ 55,286,014	$ 53,760,968
Classified Salaries	20,308,406	20,276,873
Employee Benefits	40,683,966	40,857,392
Books and Supplies	16,836,360	7,007,431
Services and Other Operating Expenses	11,582,136	10,081,149
Capital Outlay	1,113,098	780,041
Other Outgo (excluding Transfers of Indirect Costs)	3,032,270	2,880,072
Other Outgo - Transfers of Indirect Costs	(401,957)	(294,193)
Total Expenditures	$148,440,293	$135,349,733
Excess (Deficiency) Of Revenues Over Expenditures (before Other Financing Sources and Uses)	$ (5,514,403)	$ (8,366,779)
Other Financing Sources/Uses		
Interfund Transfers In	--	--
Interfund Transfers Out	--	--
Other sources/uses	$ (80,000)	$ (80,000)
Net Change In Fund Balances	$ (5,594,403)	$ (8,446,779)
Fund balance beginning	$ 22,488,891	$ 25,610,389
Fund balance ending	$ 16,894,488	$ 17,163,610

[1] Restricted and Unrestricted General Fund Revenues.
[2] Totals may not add due to rounding.
Source: District's Second Interim Report for fiscal year 2019-20 Adopted Budget for fiscal year 2020-21.

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Long-Term Debt

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the fiscal year ended June 30, 2019, are as follows:

TABLE A-8
LOS BANOS UNIFIED SCHOOL DISTRICT
Summary of Long term Debt
For Fiscal Year Ended June 30, 2019

	Beginning Balances (July, 2018)	Increases	Decreases	Ending Balances (June 30, 2019)	Principal Amounts Due Within One Year
General Obligation Bonds:	$ 47,817,476	$23,500,000	$1,898,396	$ 69,419,080	$2,032,944
Bond Premium	34,425	--	3,825	30,600	3,825
Certificates of Participation	22,475,000	--	1,670,000	20,805,000	845,0000
Capital Leases	225,561	53,697	237,503	41,755	14,597
Net OPEB Liability	10,111,557	2,073,568	--	12,185,125	--
Net Pension Liability	111,835,915	9,696,859	--	121,532,774	--
Compensated Absences	1,519,966	231,258	--	1,751,224	--
Totals	**$194,019,900**	**$35,555,382**	**$3,809,724**	**$225,765,558**	**$2,896,366**

Source: District Audit Report for fiscal year 2018-19.

General Obligation Bonds. Annual debt service payments for the District's outstanding general obligation bonds, including the Refunding Bonds described herein, are presented in Table 2 in the front part of this Official Statement. The following summarizes the District's outstanding general obligation bonds as of June 30, 2019:

TABLE A-9
LOS BANOS UNIFIED SCHOOL DISTRICT
Summary of Outstanding General Obligation Bonds
As of June 30, 2019

Issue Date	Maturity Date	Series	Interest/ Accretion Rate (%)	Amount of Original Issue	Outstanding 7/1/2018	Redeemed	Outstanding 6/30/2019
3/19/96	8/1/20	1996 Series A General Obligation Bonds - Capital Appreciation Bonds	5.75 – 5.85	$ 2,883,434	$ 623,762	$ 213,396	$ 410,366
9/15/10	8/1/26	2010 General Obligation Refunding Bonds	2.00 – 4.00	12,840,000	7,985,000	765,000	7,220,000
7/10/15	8/1/38	2015 Series B General Obligation Bonds – Capital Appreciation Bonds	4.79 – 5.15	9,998,714	9,998,714	--	9,998,714
7/10/15	8/1/32	2015 General Obligation Refunding Bonds	2.00 - 5.00	29,790,000	29,210,000	920,000	28,290,000
8/9/18	8/1/47	2018 Series 2018 General Obligation Bonds	3.38 - 4.0	23,500,000	--	--	23,500,000
Totals				**$79,012,148**	**$47,851,901**	**$1,902,221**	**$69,449,680**

Source: The District.

Capital Leases. The District made final lease payments on its capitalized lease for school buses in fiscal year 2018-19. Also in 2018-19, the District entered into a capitalized lease for portable defibrillators, the completed and future lease payments of which are as follows:

TABLE A-10
LOS BANOS UNIFIED SCHOOL DISTRICT
Capital Lease Obligations

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Remaining Balance after Payment
2020			
2021			
2022			
Total			

Source: District.

Certificates of Participation. On September 20, 2012, the District sold $7,495,000 of current interest Certificates of Participation (the "2012 COPs") with interest rates ranging from 2.000% to 3.125%. The 2012 COPs were sold to finance the construction, acquisition, and installation of capital facilities at certain campuses. Future commitments for the 2012 COPs, which are payable from the General Fund, are as follows:

TABLE A-11
LOS BANOS UNIFIED SCHOOL DISTRICT
Outstanding Lease Payments for 2012 Certificates of Participation

Year Ending (August 1)	Principal	Interest	Total
2020	$ 870,000	$ 79,375	$ 949,375
2021	890,000	55,450	945,450
2022	920,000	28,750	948,750
Totals	**$2,680,000**	**$163,575**	**$2,843,575**

Source: District.

On July 22, 2015, the District sold $18,125,000 of current interest Certificates of Participation (the "2015 COPs") with interest rates ranging from 3.5% to 5%. The 2015 COPs were sold to finance the construction, acquisition, and installation of capital facilities at the District's new junior high school campus. Future commitments for the 2015 COPs, are as follows:

TABLE A-12
LOS BANOS UNIFIED SCHOOL DISTRICT
Outstanding Lease Payments for 2015 Certificates of Participation

Year Ending (August 1)	Principal	Interest	Total
2020	--	$ 757,743.76	$ 757,743.76
2021	--	757,743.76	757,743.76
2022	--	757,743.76	757,743.76
2023	$ 505,000.00	757,743.76	1,262,743.76
2024	530,000.00	732,493.76	1,262,493.76
2025	555,000.00	705,993.76	1,260,993.76
2026	580,000.00	678,243.76	1,258,243.76
2027	610,000.00	649,243.76	1,259,243.76
2028	640,000.00	618,743.76	1,258,743.76
2029	675,000.00	586,743.76	1,261,743.76
2030	710,000.00	552,993.76	1,262,993.76
2031	735,000.00	528,143.76	1,263,143.76
2032	760,000.00	501,500.00	1,261,500.00
2033	790,000.00	473,000.00	1,263,000.00
2034	820,000.00	441,400.00	1,261,400.00
2035	850,000.00	408,600.00	1,258,600.00
2036	885,000.00	374,600.00	1,259,600.00
2037	920,000.00	339,200.00	1,259,200.00
2038	960,000.00	302,400.00	1,262,400.00
2039	995,000.00	264,000.00	1,259,000.00
2040	1,035,000.00	224,200.00	1,259,200.00
2041	1,075,000.00	182,800.00	1,257,800.00
2042	1,120,000.00	139,800.00	1,259,800.00
2043	1,165,000.00	95,000.00	1,260,000.00
2044	1,210,000.00	48,400.00	1,258,400.00
Totals	**$18,125,000.00**	**$11,878,475.12**	**$30,003,475.12**

Source: District.

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 Refunding Bonds is payable from the general fund of the District. The Refunding 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 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. As discussed below, the Governor signed the 2019-20 State Budget ("2019-20 State Budget") into law on June 27, 2019.

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.

State Budget Process and 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 Act 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.

2019-20 State Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 State Budget"). The 2019-20 State Budget preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State's financial condition beginning in fiscal year 2019-20. In March 2020, following the outbreak of the COVID-19 pandemic, the Governor declared a state of emergency, and the legislature subsequently authorized an amendment to the 2019-20 State Budget providing for an appropriation of up to $1 billion from the State's general fund to be used for any purpose related to such emergency declaration. The 2020-21 May Revision (as defined herein) significantly revises the projections of revenues and expenditures in the 2019-20 State Budget. Further, the 2020-21 May Revision (as defined herein) proposes to defer $1.9 billion of LCFF apportionments due in fiscal year 2019-20 to fiscal year 2020-21. Certain limited information from the 2019-20 State Budget relating to the funding of education is provided herein as a historical baseline solely for context and reference. The following information is drawn from the State Department of Finance's summary which is believed to be reliable as of the date such information was released, but not guaranteed by the District as to accuracy or completeness.

For fiscal year 2019-20, the 2019-20 State Budget authorizes $214.8 billion in total spending, including $147.8 billion from the State general fund. The 2019-20 State Budget projects that the State will end the current fiscal year with total reserves of $19.2 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the Budget Stabilization Account ("BSA"), $900 million in the Safety Net Reserve and $400 million in the Public School System Stabilization Account ("PSSSA"). The PSSSA deposit in 2019-20 did not initiate school district reserve caps under SB 858 and SB 751 (defined herein), as the amount deposited does not equal or exceed 3% of the total K-12 share of the Proposition 98 school funding guarantee. See discussions regarding Proposition 98, Proposition 2, SB 858, and SB 751 under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in this APPENDIX A.

The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. With respect to education funding, the 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties ("SFEU").

Features of the 2019-20 State Budget with respect to adjustments for K-12 education include the following:

- *Local Control Funding Formula.* The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% COLA to the adjusted Base Grants the prior year.

- *Special Education.* Noting a need for support from county office of education, the 2019-20 State Budget provides $152.6 million to provide all Special Education Local Plan Areas (SELPAs) with at least the statewide target rate for base special education funding (approximately $557 per ADA), and also includes $492.7 million for special education allocated based on the number of children ages 3 to 5 years with exceptional needs that

the school district is serving. The 2019-20 State Budget further conditions these increases upon the adoption of special education funding formula and special education accountability system reforms as part of the 2020 Budget Act.

- *CalLSTRS and CalPERS Employer Contribution Rates.* In anticipation of a need for relief for employers in order to meet expected increases from 18.1 percent in 2018-19 to 23.6 percent by 2020-21, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment on their behalf to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in 2019-20 and 2020-21. With these payments, the CalSTRS employer contribution rate will decrease from 18.13 percent to 17.1 percent in 2019-20 and from 19.1 percent to 18.4 percent in 2020-21. The payments will decrease the CalPERS Schools Pool employer contribution rate from 20.7 percent to 19.7 percent in 2019-20 and from 23.6 percent to 22.9 percent in 2020-21. The remaining $2.3 billion will be paid toward the employers' long-term unfunded liability for both systems.

- *After School Programs.* The 2019-20 State Budget includes $50 million in ongoing Proposition 98 General Fund to provide an increase of approximately 8.3 percent to the per-pupil daily rate for ASES (increasing this rate from $8.19 to $8.87 per day).

- *Longitudinal Data System.* The 2019-20 State Budget provides $10 million in one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system, intended to connect information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.

- *Retaining And Supporting Well-Prepared Educators.* The 2019-20 State Budget provides $89.8 million in one-time non-Proposition 98 General Fund to provide up to 4,487 grants of $20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years, and also provides an additional $43.8 million in one-time non-Proposition 98 General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals. Finally, the Budget includes $13.8 million in ongoing federal funds to establish the 21st Century California Leadership Academy.

- *Computer Science.* The 2019-20 State Budget provides $7.5 million in one-time non-Proposition 98 General Fund for broadband infrastructure and $1 million in one-time non-Proposition 98 General Fund, available over four years, to the Department of Education to establish a state Computer Science Coordinator.

- *Charter Schools.* The 2019-20 State Budget includes accountability proposals to better align the governance, transparency, and accountability requirements of school districts and charter schools.

- *School Facilities Bond Funds.* The 2019-20 State Budget assumes $1.5 billion Proposition 51 bond funds, an increase of $906 million over the prior year, to support school construction projects, and includes an additional $1.2 million in ongoing Proposition 51 bond funds and State School Site Utilization Funds, and 10 positions for the Office of Public School Construction to support the increased processing of applications and program workload.

- *Full-Day Kindergarten.* The 2019-20 State Budget includes $300 million in one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities to support full-day kindergarten programs

- *Proposition 98 Settle-Up.* An increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through 2017-18.

- *Classified School Employees Summer Assistance Program.* An increase of $36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.

- *Wildfire-Related Cost Adjustments.* An increase of $2 million one-time Proposition 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of $727,000 one-time Proposition 98 General Fund to reflect adjustments to the state's student nutrition programs resulting from wildfire-related losses. Further, the Budget holds both school districts and charter schools impacted by the 2018 wildfires harmless for state funding for two years.

- *Breakfast After the Bell.* An increase of $500,000 one-time Proposition 98 General Fund to increase participation in the Breakfast After the Bell school nutrition program.

On March 17, 2020, the Governor signed SB 89, which took effect immediately and amended the 2019-20 State Budget. See "APPENDIX A – THE DISTRICT – Impact to District Operations and Budget Due to Coronavirus Pandemic" for further discussion regarding SB 89.

For additional information regarding the 2019-20 State Budget, see the State Department of Finance website at www.dof.ca.gov. The District takes 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.

2020-2021 State Budget

The Governor's proposed State budget for fiscal year 2020-21 (the "2020-21 Proposed State Budget") was presented on January 10, 2020, preceding the COVID-19 pandemic and the significant adverse impacts it has and will have on the State's financial condition. At the time of the 2020-21 Proposed State Budget, the State was projecting a $5.6 billion surplus. The Governor's May Revision to the 2020-21 Proposed State Budget (the "2020-21 May Revision"), released on May 14, 2020, reflected the initial and profound effects of the COVID-19 pandemic on the State's economy, resulting in a 54.3 billion deficit.

The Governor signed the final fiscal year 2020-21 State Budget (the "2020-21 State Budget") on June 29, 2020.

[FULL DISCUSSION ON ADOPTED STATE BUDGET TO COME]

The State has not entered into any contractual commitment with the District, the County, the Underwriter, or the Owners of the Refunding Bonds to provide State budget information to the District or the Owners of the Refunding Bonds. Although they believe the State sources of information listed above 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.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. 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 Refunding 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 Refunding Bonds. The tax levied by the County for payment of the Refunding 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 Refunding 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Split Roll Property Tax Ballot Measure

A proposed ballot initiative has qualified for the November 2020 Statewide ballot (the "Split Roll Measure"). If approved by a majority of voters casting a ballot at the November election, the Split Roll Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the Split Roll Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed two percent. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties, and special districts for the cost of implementing the Split Roll Measure, approximately 40% of the remaining additional tax revenues generated as a result of the Split Roll Measure would be deposited into a fund to be known as the Local School and Community College Property Tax Fund, to be used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the Split Roll Measure will be approved by the voters. If approved, the District can-not make any assurance as to what effect the implementation of the Split Roll Measure 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 countywide 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 MATTERS - 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 Refunding 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

CITY OF LOS BANOS AND COUNTY OF MERCED DEMOGRAPHIC INFORMATION

The following information concerning the City of Los Banos (the "City") and the County of Merced (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Refunding Bonds are not a debt of the City, the County, the State, or any of their political subdivisions and neither said City, County, said State, nor any of their political subdivisions is liable therefor. See the section herein entitled "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

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 been declared a pandemic by the World Health Organization, a national emergency by President Trump, and a state of emergency by Governor Gavin Newsom. The outbreak of the disease has affected travel, commerce, and financial markets globally and is widely expected to affect economic growth worldwide. The abrupt halting or slowing of economic activity due to shelter-in-place orders and recommendations by health officials has impacted, and will likely continue to impact, the economy, including in the area of the District. Certain of the economic data contained in this Appendix B is provided as of past dates, and does not reflect the potential economic impacts of the COVID-19 outbreak.

General Information

City of Los Banos

The City of Los Banos is situated on the west side of the County and is the County's second largest city. The City was incorporated in 1907. The City is conveniently located in the center of California and is about two hours from the cities of San Francisco, Oakland and Sacramento, as well as Yosemite National Park. California's Monterey Peninsula and the Pacific Ocean are accessible in one and a half hours, as well as the central California's major cities of Stockton and Fresno. The Silicon Valley is just more than an hour's drive away.

A combination of new enterprise, local government and agriculture-based operations all contribute to the City's economy, which continues to provide residents with a variety of amenities to enjoy. In addition to public services, including water, sewer, parks and recreation, and a public safety division, the City also offers a variety of retail and entertainment venues for its residents.

County of Merced

The County is centrally located in the San Joaquin Valley with easy access to highways, train, bus and air services for travel to the San Francisco Bay Area, Monterey, Carmel, Lake Tahoe and Reno. The County was established by an act of the State Legislature in April 1855, forming the County from the southwestern portion of Mariposa County. The County encompasses approximately 2,020 square miles, and spans from the coastal ranges to the foothills of Yosemite National Park. The County has a population of approximately 280,000 residents.

Transportation services in the County are excellent, with State Highway 99 and U.S. Interstate Highway 5 providing easy access to the rest of California and the Western U.S.. Buses, Amtrak, and the Union Pacific

Railroad provide freight and passenger services to other western destinations. Scheduled air passenger service is provided from airports in Modesto and Fresno.

Median Household Income

The following table shows median household income for the County, the State, and the United States for 2012 through 2018, the latest year for which data is available. Amounts are inflation-adjusted for each year.

Year	City of Los Banos	Merced County	California	United States
2012	$49,131	$43,565	$61,400	$53,046
2013	47,117	42,591	61,094	53,046
2014	46,665	43,066	61,489	53,482
2015	44,292	42,462	61,818	53,889
2016	45,751	44,397	63,783	55,322
2017				
2018				

Source: U.S. Census Bureau American Community Survey 5-Year Estimates

Population

Population estimates for the City and the County are shown in the following table.

CITY OF LOS BANOS AND COUNTY OF MERCED
Population Estimates
Calendar Years 2016 through 2020

Year	City of Los Banos	Merced County
2016	38,494	270,458
2017	39,156	273,434
2018	40,366	277,543
2019	41,287	280,735
2020	41,923	283,521

Source: California State Department of Finance (estimates as of January 1).

Employment and Industry

The civilian unemployment rate in the County was 16.5% in May 2020, down from the month-prior (April 2020) high of 18.7%, but a sharp increase from the year-prior estimate of 7.2%. The recent increase in unemployment rates, in the County and nationwide, are attributed to the COVID-19 pandemic, and the improvement between April and May is attributed to the phased and inconsistent "reopening" of the economy. The May 2020 unemployment for the State of California was estimated to be 16.3%, and the unemployment rate for the nation during the same period was 13.3%. June 2020 figures are not yet finalized in the County or the State, however, the United States Bureau of Labor Statistics estimates that the national unemployment rate fell to 11.1% in April.

The following table shows civilian labor force and wage and salary employment data for the County, for the years 2015 through 2019. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

COUNTY OF MERCED
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
Annual Averages – March 2019 Benchmark

	2015	2016	2017	2018	2019
Civilian Labor Force [1]	114,000	114,300	115,300	115,400	116,200
Employment	101,100	102,200	104,500	105,600	106,900
Unemployment	12,900	12,100	10,800	9,700	9,400
Unemployment Rate	11.4%	10.6%	9.4%	8.4%	8.1%
Wage and Salary Employment: [2]					
Total Farm	14,100	14,000	14,100	14,100	13,900
Mining, Logging and Construction	1,900	2,200	2,400	2,500	2,600
Manufacturing	9,700	9,300	9,600	9,700	9,900
Wholesale Trade	1,400	1,600	1,700	1,800	1,800
Retail Trade	8,000	8,100	8,300	8,400	8,400
Transportation, Warehousing & Utilities	2,800	2,900	3,200	3,500	3,700
Information	300	300	300	300	300
Financial Activities	1,600	1,800	1,800	1,800	1,900
Professional and Business Services	3,800	3,700	4,100	4,300	4,400
Educational and Health Services	9,400	9,800	10,200	10,300	10,600
Leisure and Hospitality	5,400	5,500	5,600	5,800	6,000
Other Services	1,400	1,400	1,400	1,500	1,500
Federal Government	800	800	800	700	700
State Government	3,200	3,500	3,600	3,700	3,900
Local Government	13,700	14,200	14,300	14,500	14,800
Total All Industries	77,500	79,100	81,400	82,800	84,200

[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.

Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County, [listed in alphabetical order.]

MERCED COUNTY
Major Employers

[TABLE TO COME]

Source:

Commercial Activity

A summary of historic taxable sales within the City during the past 6 years for which data is available is shown in the following table.

CITY OF LOS BANOS
Taxable Retail Sales
Number of Outlets and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	418	274,755	551	318,469
2014	424	281,220	559	327,097
2015	445	297,195	620	340,770
2016	471	308,276	663	345,776
2017				
2018				

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

A summary of historic taxable sales within the County during the past 6 years for which data is available is shown in the following table.

COUNTY OF MERCED
Taxable Retail Sales
Number of Outlets and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Outlets	Taxable Transactions	Number of Outlets	Taxable Transactions
2013	2,596	1,870,789	3,725	2,672,998
2014	2,553	1,913,822	3,658	2,764,904
2015	2,696	1,907,627	4,064	2,964,724
2016	2,750	1,964,450	4,167	2,780,357
2017				
2018				

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

Construction Activity

Building activity in the City for the past six years for which data is available, is shown in the following table.

CITY OF LOS BANOS
Total Building Permit Valuations

	2014	2015	2016	2017	2018	2019
Permit Valuation						
New Single-family	$7,084,939	$27,048,923	$81,576,506	$48,377,052		
New Multi-family	686,496	0	4,866,709	0		
Res. Alterations/Additions	916,841	396,152	595,152	733,373		
Total Residential	$8,688,276	$27,445,075	$87,038,367	$49,110,425		
New Commercial	$ 1,100,000	$ 2,563,000	$ 1,076,183	$ 2,050,000		
New Industrial	0	0	0	0		
New Other	670,703	862,701	4,300,843	2,594,453		
Com. Alterations/Additions	1,240,500	3,291,617	6,061,696	4,797,150		
Total Nonresidential	$3,011,203	$6,717,318	$11,438,722	$ 9,441,603		
Total Residential and Non-Residential	**$11,699,479**	**$34,162,393**	**$98,477,089**	**$58,552,028**		
New Dwelling Units						
Single Family	36	128	349	246		
Multiple Family	4	0	69	0		
TOTAL	40	128	418	246		

Source: Construction Industry Research Board, Building Permit Summary.

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Building activity in the County for the past six years for which data is available, is shown in the following table.

COUNTY OF MERCED
Total Building Permit Valuations

	2014	2015	2016	2017	2018	2019
Permit Valuation						
New Single-family	$45,759,044	$86,294,140	$161,700,531	$133,276,569		
New Multi-family	913,359	169,000	6,774,909	6,232,800		
Res. Alterations/Additions	7,153,632	6,373,822	5,418,527	3,828,951		
Total Residential	$53,826,035	$92,836,962	$173,893,967	$143,338,320		
New Commercial	$ 21,028,388	$16,615,141	$ 12,878,345	$ 23,310,702		
New Industrial	7,276,836	0	12,256,598	7,480,020		
New Other	85,373,679	64,248,695	40,524,199	79,546,898		
Com. Alterations/Additions	24,725,517	18,895,671	45,359,649	18,936,852		
Total Nonresidential	$138,404,420	$99,759,507	$111,018,791	$129,274,472		
Total Residential and Non-Residential	**$192,230,455**	**$192,596,469**	**$284,912,758**	**$272,612,792**		
New Dwelling Units						
Single Family	203	435	791	695		
Multiple Family	6	2	89	36		
TOTAL	209	437	880	731		

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX C

AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF LOZANO SMITH]

[Closing Date]

Board of Education
Los Banos Unified School District
1717 S. Eleventh Street
Los Banos, California 93635-4800

$_____
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

(Final Opinion of Bond Counsel)

Ladies and Gentlemen:

We have acted as bond counsel to the Los Banos Unified School District (the "District") in connection with the issuance by the District of its 2020 General Obligation Refunding Bonds in the aggregate principal amount of $_____ (the "Refunding Bonds"), 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 July 14, 2020 (the "Bond Resolution"). The Refunding Bonds were sold to Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement, dated _____, 2020 (the "Bond Purchase Agreement"), between the District and the Underwriter.

In such connection, we have examined the Bond Resolution, the Refunding Bond Law, the tax certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, 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 Refunding Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement 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 Refunding Bonds, dated _____, 2020.

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 Bond Resolution has been duly adopted by the Board of Education of the District and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

2. The Refunding 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 Merced is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* 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 the principal of and interest on the Refunding Bonds.

3. Interest on the 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 Refunding 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 Bond Resolution and the Tax Certificate and other instruments relating to the Refunding 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 Refunding Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds.

4. The interest on the Refunding 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 Refunding 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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Los Banos Unified School District (the "District") in connection with the issuance of the $_____ Los Banos Unified School District 2020 General Obligation Refunding Bonds (the "Refunding Bonds").

The Refunding Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on July 14, 2020 (the "Resolution"). 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 Refunding Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated under the Securities Exchange Act of 1934, as amended.

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

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

"Annual Report Date" means the date that is no more than 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 Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, of Irvine, California, or any successor Dissemination Agent designated in writing by the District and which 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) of this Disclosure Certificate.

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

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

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Refunding Bonds, required to comply with the Rule in connection with offering of the Refunding Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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 each Annual Report Date, commencing with the report for the 2019-20 fiscal year, in an electronic format as prescribed by the MSRB, 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 statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(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, in a timely manner, provide (or cause the Dissemination Agent to provide) 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 each 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 District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(1) the average daily attendance in District schools on an aggregate basis for the most recent year for which data is available;

(2) pension plan contributions made by the District for the for the most recent year for which data is available;

(3) 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;

(4) description of amount of general fund revenues and expenditures which have been budgeted for the most recent year for which data is available, together with audited actual budget figures for the preceding fiscal year;

(5) the District's total Local Control Funding Formula ("LCFF") revenues for the most recent year for which data is available;

(6) total secured property tax levy for the most recent year for which data is available, and, if the District is not participating in the Teeter Plan, collections, showing current collections as a percent of the total levy;

(7) assessed valuation of taxable properties in the District for the most recent year for which data is available, if and to the extent provided to the District by the County; and

(8) the twenty taxpayers with the greatest combined ownership of taxable property in the District for the most recent year for which data is available, if and to the extent provided to the District by the County.

(c) In addition to any of the information expressly required to be provided under 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) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Refunding 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 or other obligated person.

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

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(6) (other than adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB)), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 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 Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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 Applied Best Practices, LLC, Irvine, California. 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report 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 any amendment made pursuant to this Section 9 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 shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Refunding 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.** (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Certificate holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Refunding Bonds.

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

Section 13. **Notices.** Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer: Los Banos Unified School District
1717 S. 11th Street
Los Banos, CA 93635-4800

To the Participating Underwriter: Stifel Nicolaus & Company, Incorporated
One Montgomery Street
San Francisco, CA 94104

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 Refunding Bonds, and shall create no rights in any other person or entity.

Date: _____, 2020

LOS BANOS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

Accepted and agreed to as Dissemination Agent:
FIELDMAN, ROLAPP & ASSOCIATES, INC., DOING BUSINESS AS APPLIED BEST PRACTICES

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Los Banos Unified School District (the "**District**")

Name of Bond Issue: $_____ Los Banos Unified School District 2020 General Obligation Refunding Bonds.

Date of Issuance: [_____, 2020]

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on July 14, 2020 authorizing the issuance of the Refunding Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: [Form only – do not date, 20__]

LOS BANOS UNIFIED SCHOOL DISTRICT

By: [Form Only – do not sign]_____
Its: _____

APPENDIX F
MERCED COUNTY INVESTMENT POLICY AND PORTFOLIO SUMMARY

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

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

*Neither the issuer of the Refunding Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Refunding Bonds (the "**Agent**") take any responsibility for the information contained in this APPENDIX.*

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 Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding 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.

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 is currently rated by Standard & Poor's as "AA+." The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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. 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, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. 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.

11. 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 H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of August 1, 2020 (this "Escrow Agreement"), is executed by and between the Los Banos Unified School District (the "District"), a school district organized and existing under the laws of the State of California, and Wells Fargo Bank, National Association (the "Escrow Agent"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, having a corporate trust office in [Minneapolis, Minnesota] and being qualified to accept and administer the trust hereby created, as the Prior Paying Agent (the "Prior Paying Agent") under and pursuant to that certain Resolution No. 25-10, adopted by the Board of Education of the District on September 9, 2010 (the "Prior Resolution").

WITNESSETH:

WHEREAS, under and pursuant to the Prior Resolution, the District has heretofore authorized the issuance of the Los Banos Unified School District 2010 General Obligation Refunding Bonds (the "Series 2010 Bonds") which were issued in the aggregate initial principal amount of $12,840,000.00 on September 30, 2010, for the purposes of refunding, on an advance basis, the District's General Obligation Bonds, Election of 1995, Series 2002; and

WHEREAS, the District has determined that it is in the best interests of the District to refund and to provide for the defeasance of, and that debt service savings can be achieved by refunding, the outstanding callable portion of the Series 2010 Bonds, consisting of Current Interest Bonds maturing in the years 2021 through 2024, inclusive, and a Current Interest Term Bond maturing in the year 2026, which are subject to optional redemption on any date on or after August 1, 2020 (the "Refunded Bonds" or the "Prior Bonds") and

WHEREAS, in order to provide the funds necessary to implement the foregoing, the District has issued its $[PAR AMOUNT] Los Banos Unified School District (Merced County, California) 2020 General Obligation Refunding Bonds (the "Refunding Bonds") under and pursuant to that certain Resolution No. [__], adopted on July 14, 2020 (the "Refunding Resolution"); and

WHEREAS, the District has determined to irrevocably set aside in escrow a portion of the proceeds of the Refunding Bonds for the purpose of providing the funds necessary to pay the remaining payments of principal and interest on the Prior Bonds to and including [September 19, 2020], and to redeem the Prior Bonds on [September 19], 2020 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof, without premium (the "Redemption Price"); and

WHEREAS, in order to further implement the foregoing, the District has taken action to cause to be delivered to the Escrow Agent hereunder for deposit in the Escrow Fund, as defined below, from the proceeds of the Refunding Bonds the sum of $[5,633,287.72] of which sum will be used by the Escrow Agent as described below to provide for the payment of the interest on the

Prior Bonds as such interest becomes due to the Redemption Date for the Prior Bonds and to redeem the Prior Bonds on the Redemption Date, at the Redemption Price; and

WHEREAS, the Prior Bonds are subject to redemption on the Redemption Date and the District has determined to provide for the call for redemption on the Redemption Date of the Prior Bonds outstanding on the Redemption Date.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the District and the Escrow Agent hereby agree as follows:

Section 1. Establishment and Maintenance of Escrow Fund. The Escrow Agent hereby agrees to establish and maintain a fund hereunder, known as the "Series 2010 Refunded Bonds Escrow Fund" to be held as an irrevocably pledged escrow by the Escrow Agent (the "Escrow Fund") until the Refunded Bonds have been paid as provided herein, which shall be applied solely as provided for in this Escrow Agreement, and shall be held in the Escrow Fund at all times as separate and apart from all other funds of the District and the Escrow Agent. The Escrow Fund is established for the purpose of refunding the Prior Bonds and, for the purpose of Section 53555 of the Government Code of the State of California, shall be deemed to be a fund in the treasury of the District. Any money in the Escrow Fund that is not used for the payment of the principal of and interest on the Refunded Bonds as provided herein shall be repaid to the District on the Redemption Date, free from the trust created hereby.

Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby irrevocably pledged to secure the payment of the principal of and interest on the Prior Bonds and assigned solely to the payment of the interest on and Redemption Price of the Prior Bonds, which amounts shall be held in trust by the Escrow Agent for the Owners (as that term is defined in the Prior Resolution) of the Prior Bonds.

Upon the issuance of the Refunding Bonds, there shall be deposited in the Escrow Fund $[___] received from the proceeds of the sale of the Refunding Bonds. Upon the deposit of said moneys, the moneys on deposit in the Escrow Fund will be, as verified by Causey Demgen & Moore P.C. (the "Verification Agent"), a nationally recognized certified public accountant or firm of such accountants, at least equal to an amount sufficient to purchase the aggregate principal amount of those certain permitted securities, which qualify as non-callable legal investments and are "Federal Securities" (as defined in the Prior Resolution) (the "Defeasance Securities"), set forth in Exhibit A hereto and incorporated by this reference, which principal, together with all interest due or to become due on such Defeasance Securities, and any uninvested cash held by the Escrow Agent in the Escrow Fund, will be sufficient to make the payments required herein.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent hereunder.

Section 2. Use and Investment. The Escrow Agent hereby acknowledges deposit of the moneys described in Section 1 and agrees to invest $[____] of such moneys in Defeasance Securities upon receipt of certification by a nationally recognized firm of independent certified public accountants that the Defeasance Securities will mature in such principal amounts and earn interest in such amounts and, in each case, at such times, so that sufficient moneys will be available from maturing principal and interest on the Defeasance Securities, together with any uninvested moneys then held by the Escrow Agent in the Escrow Fund, to make all payments required by Section 3 hereof. Except as provided in Section 2(b) or Section 2(c), the balance of the moneys in the Escrow Fund, in the amount of $[___], shall be held as cash uninvested.

(b) Upon the written request of the District, but subject to the conditions and limitations herein set forth, the Escrow Agent shall purchase substitute Defeasance Securities for the Defeasance Securities then held in the Escrow Fund with the proceeds derived from the sale, transfer, redemption, or other disposition of Defeasance Securities then on deposit in the Escrow Fund and any uninvested money then held by the Escrow Agent hereunder in accordance with the provisions of this Section. Such sale, transfer, redemption, or other disposition of Defeasance Securities then on deposit in the Escrow Fund and substitution of other Defeasance Securities shall be effected by the Escrow Agent upon the written request of the District but only by a simultaneous transaction and only upon receipt of (i) certification by a nationally recognized firm of independent certified public accountants that the Defeasance Securities to be substituted, together with the Defeasance Securities which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Defeasance Securities held in the Escrow Fund, together with any uninvested moneys, to make all payments required by Section 3 hereof, which have not previously been made, and (ii) receipt by the Escrow Agent of an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the sale, transfer, redemption, or other disposition and substitution of Defeasance Securities will not adversely affect the exclusion of interest evidenced by any Prior Bonds or the Refunding Bonds from gross income for purposes of federal income taxation.

(c) Upon the written request of the District, but subject to the conditions and limitations herein set forth, the Escrow Agent shall apply any moneys received from the maturing principal of or interest or other investment income on any Defeasance Securities held in the Escrow Fund, or the proceeds from any sale, transfer, redemption, or other disposition of Defeasance Securities pursuant to Section 2(b) not required for the purposes of said Section (i) to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 3 hereof, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, such moneys shall be transferred to the County for deposit in the Interest and Sinking Fund established under the Refunding Resolution upon the written request of the District as received by the Escrow Agent, free and clear of any trust, lien, pledge, or assignment securing the Prior Bonds or otherwise existing hereunder, and (ii) to the extent such moneys will be required for such purpose at a later date, shall, to the extent practicable, be invested or reinvested in Defeasance Securities maturing at times and in amounts sufficient, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, to make such payment required by Section 3 hereof.

(d) All Defeasance Securities purchased pursuant to this Escrow Agreement shall be deposited in and held for the credit of the Escrow Fund. Except as provided in this Section 2, no moneys or Defeasance Securities deposited with the Escrow Agent pursuant to this Escrow Agreement nor principal of, or interest payments or other investment income on, any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Prior Bonds as provided by Section 3 hereof.

(e) The Owners (as that term is defined in the Prior Resolution) of the Prior Bonds shall have a first and exclusive lien on the moneys and Defeasance Securities in the Escrow Fund until such moneys and Defeasance Securities are used and applied as provided in this Escrow Agreement.

(f) The Escrow Agent shall not be held liable for investment losses resulting from compliance with the provisions of this Escrow Agreement.

Section 3. Payment of Prior Bonds. From the maturing principal of the Defeasance Securities held in the Escrow Fund and the investment of income and other earnings thereon and any cash uninvested then held in the Escrow Fund, the Escrow Agent shall transfer to the Prior Paying Agent amounts for the payment of the Prior Bonds on the Redemption Date at the Redemption Price, together with interest thereon to the Redemption Date. The District hereby irrevocably directs and instructs the Escrow Agent to redeem the Prior Bonds in full on the Redemption Date at the Redemption Price.

To the extent that the amount on deposit in the Escrow Fund on the Redemption Date is in excess of the amount necessary to make the required payments with respect to the Prior Bonds, as shown in the then applicable escrow verification of the nationally recognized firm of independent certified public accountants, such excess shall be transferred to the Treasurer of the County of Merced for deposit in the District's interest and sinking funds established for the Refunding Bonds.

Section 4. Deficiencies in the Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund, including the anticipated proceeds of the Defeasance Securities, will not be sufficient to make all payments required by Section 3 hereof, then the Escrow Agent shall notify the District in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency, and the District shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available money, such additional money as may be required to provide for the making of all such payments; provided, that the Escrow Agent shall in no event or manner be responsible for the failure of the District to make any such deposit with it. The Escrow Agent shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District shall have deposited sufficient funds with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the District or its agents relating to any matter or action as Escrow Agent under this Escrow Agreement.

Section 5. Notice of Redemption and Notice of Defeasance. The Escrow Agent, as Prior Paying Agent under the Prior Resolution, hereby agrees to give notice of redemption in accordance

with Section 2.03(c) of the Prior Resolution (and as described in the official statement for the Prior Bonds), in substantially the form set forth in Exhibit B hereto. A copy of said notice shall also be sent to the insurer for the Prior Bonds.

The Escrow Agent, as Prior Paying Agent under the Prior Resolution, hereby agrees to give notice of defeasance ("Notice of Defeasance"), not later than the closing date for the Refunding Bonds. A copy of said Notice of Defeasance shall also be sent to the insurer for the Prior Bonds.

Section 6. Compensation and Indemnification of the Escrow Agent.

(a) The District shall from time to time pay or cause to be paid to the Escrow Agent the agreed upon full compensation for its services to be rendered hereunder, and shall reimburse the Escrow Agent for its reasonable out-of-pocket expenses hereunder (including but not limited to the reasonable fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the District and the Escrow Agent; provided, that such fees and expenses shall in no event be deducted from the Escrow Fund and under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise.

(b) To the extent permitted by law, the District agrees to indemnify and save the Escrow Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The indemnity contained in this Section shall survive the termination of this Escrow Agreement.

(c) The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the monies or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested monies held hereunder to accomplish the redemption of the Prior Bonds, or any payment, transfer or other application of monies or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omissions or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties.

Section 7. Functions of the Escrow Agent.

(a) The Escrow Agent enters into this Escrow Agreement in its capacity, and in furtherance of its duties and functions, as Prior Paying Agent under the Prior Resolution, and undertakes to perform only such additional duties as are expressly and specifically set forth herein and no implied duties or obligations shall be read herein against the Escrow Agent.

(b) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated

herein, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(c) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct, and in no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession hereunder.

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

(e) The Escrow Agent shall not be responsible for any of the recitals or representations contained in the Refunding Resolution or in the Refunding Bonds and shall not be liable for any action or omission of the District.

(f) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunding Bonds with the same rights that it would have it if were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the District.

(g) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the amounts in the Escrow Fund to pay and redeem the Prior Bonds.

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

(i) The Escrow Agent may at any time resign by giving thirty (30) days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent and the successor Escrow Agent. If no successor Escrow Agent shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent.

(j) None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(k) The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means") which shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give instructions to the Escrow Agent using Electronic Means and the Escrow Agent, in its discretion, elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 8. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and

all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9. Amendment of the Escrow Agreement. The Escrow Agreement may not be amended by the parties hereto unless there shall first have been filed with the District and the Escrow Agent (i) an unqualified opinion of a nationally recognized bond counsel to the effect that such amendment, in and of itself, will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Prior Bonds and the Refunding Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds and Refunding Bonds, and if so, then with the written consent of the registered owners of all the Prior Bonds and Refunding Bonds, as applicable.

Section 10. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the District:

Los Banos Unified School District
1717 S. 11th Street
Los Banos, California 93635
Attention: Superintendent

If to the Escrow Agent:

Wells Fargo Bank, National Association
Corporate Trust Services
600 S 4th Street, 6th Floor
MAC N9300-060
Minneapolis, Minnesota 55415
Attention: Jeff Carlson

Section 11. Severability. If any section, paragraph, sentence, clause or provision hereof shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions hereof.

Section 12. Counterparts. The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

Section 13. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

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

LOS BANOS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

EXHIBIT A

UNITED STATES OBLIGATIONS

SECURITY TYPE	SLGS TYPE	Maturity	First IPD	PAR	Rate

EXHIBIT B

FORM NOTICE OF OPTIONAL REDEMPTION

LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2010 GENERAL OBLIGATION REFUNDING BONDS

Maturity	Principal Amount Called	Redemption Price	CUSIP Number*	Redemption Date
2021	$ 845,000	100 %	545438 DK6	September 19, 2020
2022	880,000	100	545438 DL4	September 19, 2020
2023	915,000	100	545438 DM2	September 19, 2020
2024	950,000	100	545438 DN0	September 19, 2020
2026	2,015,000	100	545438 DQ3	September 19, 2020

NOTICE IS HEREBY GIVEN that a deposit of cash and escrow securities in the amount of $[____] has been irrevocably made under an Escrow Agreement for the above-described bonds (the "Escrow Agreement"). Wells Fargo Bank, National Association, as paying agent for the Prior Bonds and as escrow agent (the "Escrow Agent") has been irrevocably instructed to transfer an amount under the Escrow Agreement sufficient for the payment of the principal of and interest on the Prior Bonds, issued on September 30, 2010, maturing in the years 2021 through and 2024, inclusive, and 2026 (the "Called Bonds") as the same becomes due through [September 19, 2020] (the "Redemption Date"), and for the redemption of the Called Bonds on the Redemption Date at a redemption price of 100% of the principal amount thereon ("Redemption Price"), together with interest accrued thereon to the Redemption Date.

Consequently, the Called Bonds are deemed paid within the meaning of the Resolution and final payment will be made to the Owners on the Redemption Date shown above. On the Redemption Date, there shall become due and payable upon the Called Bonds, the Redemption Price, together with interest accrued thereon to the Redemption Date. From and after the Redemption Date, interest with respect to the Called Bonds shall cease to accrue.

Payment of the Redemption Price shall be made to Owners of Called Bonds upon presentation of the Called Bonds. Surrender thereof can be made in the following manner:

If by Mail:	If by Express Delivery:	If by Hand:
____	_____	_____

The method of presentation and delivery of a Called Bond is at the option and risk of the holder of each bond. Bondholders presenting their bonds in person for same day payment must surrender their bond(s) by 1:00 P.M. CST on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

IMPORTANT NOTICE – The Paying Agent may be obligated to withhold a percentage of the redemption price from any Bondowner who fails to furnish the Paying Agent with a valid taxpayer identification number.

*The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the bondholders.

By: WELLS FARGO BANK, NATIONAL ASSOCIATION

Notice Date: ____, 2020

Board Reference Material

SUBJECT TITLE: Los Banos Unified School District School Reopening Plan

REQUESTED ACTION: Approval of plan

Action X Discussion/Information

RECOMMENDATION:
It is recommended that the board approve the school reopening plan as presented at the July 9, 2020, board meeting. No changes have been made to the plan since July 9, 2020.

BACKGROUND INFORMATION:
Assistant Superintendent of Elementary Education, Paula Mastrangelo presented an overview of the reopening plan at the July 9, board meeting. This plan was developed in conjunction with a team of teachers, classified staff and administrators. This plan may change based on updated guidance from the department of public health and orders from the governor. When developing this plan the team identified two priorities:

1. Health and Safety of staff and students AND
2. Student Learning through rigorous educational experiences

HOW DOES THIS ACTIVITY SUPPORT BOARD GOALS?

This item is informational in nature and does not directly support a specific Board goal at this time.

ALTERNATIVES/IDENTIFIED OPPOSITION:

N/A

SPECIFIC FINANCIAL IMPACT (Include Impact on School District Facilities):

Will be identified at a later date

ORIGINATOR: Paula Mastrangelo, Assistant Superintendent
Date: July 14, 2020

Los Banos USD School Reopening Plan

JULY 9, 2020

Priorities

1. Health and Safety of staff and students
2. Student Learning through rigorous educational experiences

Reopening Plan

- Developed by work team of teachers, classified staff, and administrators
- Intended to serve as a framework for reopening schools in the Fall
- May change based on updated guidance from department of public health and orders from the governor
- Specific details still in process of being finalized
- The District and labor associations are negotiating effects of school reopening

Reopening Plan - Elementary

Hybrid Opening – 50% daily capacity

- Students attend school two days per week and will work online or through take-home work three days per week.
- Students are separated into two groups (A/B) by last name so that families will attend in person on same days.
- Group A will attend school Monday/Tuesday and Group B will attend school Thursday/Friday.
- Wednesday is left for teachers to provide individual or small-group support by appointment/virtually, collaborate, prepare at-home lessons and work.
- Each grade level will form a Cohort with separate recess, lunch, start and end times to lower the frequency of interpersonal contact throughout the day.

Reopening Plan – Junior High/High School

Hybrid Model – 50% daily capacity

- Students attend school two days per week and will work online or through take-home work three days per week.
- Students are separated into two groups (A/B) by last name so that families will attend in person on same days.
- Group A will attend school Monday/Tuesday and Group B will attend school Thursday/Friday.
- Wednesday is left for teachers to provide individual or small-group support by appointment/virtually, collaborate, prepare at-home lessons and work.
- Secondary Schools will implement a block schedule to reduce passing periods and to lower the frequency of interpersonal contact throughout the day.

Reopening Plan – Special Day Classes

Attend Daily

- Students enrolled in special day classes will attend school 5 days a week
- Students enrolled in SDC classes are already in smaller class settings, but may need to adjust seating to reflect school reopening guidelines from the Department of Health.

Reopening Plan – Alternative Education

1st session – Distance Learning

2nd Session – Hybrid Model

- Crossroads operates as an independent study program and already follows a distance learning model.
- San Luis HS will start the 1st session using the distance learning model.
- When 2nd session begins, San Luis HS will operate using a split A/B morning/afternoon schedule.

Reopening Plan - Distance Learning

- Parents may select online distance learning through LBUSD if their students are medically unable to return or if they are uncomfortable with sending their students back to school in the fall full time.
  - Parents will enroll their students in the LBUSD E-Learning Academy
  - Students will be assigned to online curriculum through Edgenuity (TK - 6) or APEX Learning (7 - 12)

Safety Protocols

- All campuses will be closed to the public. There will be one entry point during the instructional day for parents/guardians to access the office in case of an emergency. Parents must wear a mask to enter campus.
- No vendors will be allowed on school campuses. Deliveries will be at a designated area.
- Each school office will have one health office or designated area. One for routine health needs and the second for COVID-19 related needs or concerns.
- Office counters will be equipped with a barrier.
- Staff must wear either mask or face shield on campus.
- Appropriate safety training will be provided to all staff and students.

Conclusion

We recognize this will be a difficult transition for students, parents, and staff. However, together we will successfully support the education and well being of all our students.

LBUSD is committed to:

1. Ensure the safety, health and well-being of students and staff.
2. Provide rigorous educational experience that promote student learning for all students regardless of the educational model used.