

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's: "____"
See "RATING" herein.

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, interest on the Refunding Bonds is exempt from personal income taxation imposed by the State of California. In the opinion of Bond Counsel, interest on the Refunding Bonds is included in gross income of the owners thereof for federal income tax purposes. Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See "TAX MATTERS" herein.

\$ _____ *

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
 2020 General Obligation Refunding Bonds
 (FEDERALLY TAXABLE)
 (Los Angeles County, California)**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Issuance. The above-captioned bonds (the "Refunding Bonds") are being issued by the William S. Hart Union High School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on November 18, 2020 (the "Bond Resolution").

Purposes. The Refunding Bonds are being issued (i) to refund certain outstanding general obligation bonds of the District, (ii) if elected by the District, to pay the premium for a municipal bond insurance policy, and (iii) to pay certain costs of issuance of the Refunding Bonds. See "THE REFUNDING BONDS – Authority for Issuance," "THE REFINANCING PLAN" and "SOURCES AND USES OF FUNDS."

Security. The Refunding Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected within the District. The Board of Supervisors of Los Angeles County (the "County") has the power and is obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of, and interest on, the Refunding Bonds. The District has other series of general obligation bonds outstanding that are similarly secured by *ad valorem* property tax levies. See "SECURITY FOR THE REFUNDING BONDS." The District is considering the use of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on all or a portion of the Refunding Bonds when due. The District will decide whether or not to utilize a municipal bond insurance policy depending on market conditions at the time of sale of the Refunding Bonds.

Redemption.* The Refunding Bonds are subject to redemption prior to maturity under certain circumstances, as described herein. See "THE REFUNDING BONDS – Redemption."

Book-Entry Only. 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 of The Depository Trust Company ("DTC"). The Refunding Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive physical certificates representing their interests in the Refunding Bonds. See "THE REFUNDING BONDS - Book-Entry Only System."

Payments. The Refunding Bonds will accrue interest from their date of delivery and will pay interest on February 1 and August 1 of each year, commencing on February 1, 2021, until maturity or upon earlier redemption. Payments of principal of, and interest on, the Refunding Bonds will be paid by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of Los Angeles, California, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS - Description of the Refunding Bonds." See "THE REFUNDING BONDS."

MATURITY SCHEDULE
 (see inside front cover)

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.

The Refunding Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, San Francisco, California, is serving as Disclosure Counsel to the District. James F. Anderson Law Firm, Laguna Hills, California, is serving as counsel to the Underwriter. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about _____, 2020.

STIFEL

The date of this Official Statement is _____, 2020.

**Preliminary; subject to change.*

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

MATURITY SCHEDULE*

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
2020 General Obligation Refunding Bonds
(FEDERALLY TAXABLE)
(Los Angeles County, California)

Base CUSIP[†]: 969268

\$ _____ Serial Bonds

Maturity Date (August 1)	Principal	Interest Rate	Yield	Price	CUSIP No.[†]
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					

\$ _____ % Term Bonds due August 1, 20__ - Yield _____ % - CUSIP No.[†]: _____

\$ _____ % Term Bonds due August 1, 20__ - Yield _____ % - CUSIP No.[†]: _____

*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. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

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 Refunding 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.

Estimates and Projections. 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, 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.

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. tax

Document Summaries. All summaries of the Bond 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.

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 pursuant to 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

No Securities Laws Registration. The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, 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.

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.

Stabilization of Market Price. In connection with the offering of the Refunding Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Refunding Bonds at levels above those that might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

Website; Social Media Accounts. The District maintains a website and certain social media accounts. However, the information presented on the website and social media accounts is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Refunding Bonds.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

DISTRICT GOVERNING BOARD

Linda Storli, *President*
Cherise Moore, *Clerk*
Joe Messina, *Assistant Clerk*
Bob Jensen, *Member*
Steven M. Sturgeon, *Member*

DISTRICT ADMINISTRATION

Mike Kuhlman, *Superintendent*
Ralph Peschek, *Chief Business Officer*
Karen Bladen, *Supervisor, Facilities Accounting*

PROFESSIONAL SERVICES

BOND COUNSEL

Atkinson, Andelson, Loya, Ruud and Romo, A Professional Law Corporation,
Irvine, California

DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR

California Financial Services
Ladera Ranch, California

**PAYING AGENT, TRANSFER AGENT, AUTHENTICATION AGENT,
BOND REGISTRAR AND ESCROW AGENT**

U.S. Bank National Association, as agent of the
Los Angeles County Treasurer and Tax Collector
Los Angeles, California

ESCROW VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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OFFICIAL STATEMENT

\$ _____ *

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
2020 General Obligation Refunding Bonds
(FEDERALLY TAXABLE)
(Los Angeles County, California)

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the William S. Hart Union High School District (the “**District**”) of the above-captioned general obligation refunding bonds (the “**Refunding Bonds**”).

INTRODUCTION

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

The District. Formed in 1945, the District provides public education within an approximately 370 square mile area, serving the City of Santa Clarita (the “**City**”) and neighboring communities. The District is located in the Santa Clarita Valley in the northern part of the County of Los Angeles (the “**County**”). The District currently operates seven comprehensive high schools, six junior high schools, continuation school, middle college high school, independent study school, home school support program, adult school and Regional Occupational Program. Enrollment for the 2020-21 fiscal year is approximately 22,376 students.

For more information regarding the District and its finances generally, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other information regarding the City and County.

Purpose. The Refunding Bonds are being issued by the District to (i) refinance certain outstanding maturities of the District’s General Obligation Bonds Election of 2008, Series B (the “**2008B Bonds**”), the District’s General Obligation Bonds Election of 2008, Series C (the “**2008C Bonds**”), the District’s 2012 General Obligation Refunding Bonds (the “**2012 Refunding Bonds**”), (ii) if elected by the District, to pay the premium for a municipal bond insurance policy, and (iii) to pay certain costs of issuance of the Refunding Bonds. See “THE REFINANCING PLAN.”

**Preliminary; subject to change.*

Potential Bond Insurance. The District is considering the use of a municipal bond insurance policy that guarantees the scheduled payment of principal of and interest on all or a portion of the Refunding Bonds when due. The District will decide whether or not to utilize a municipal bond insurance policy depending on market conditions at the time of sale of the Refunding Bonds.

Authority for Issuance of the Refunding Bonds. The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Bond Law**”) and under a resolution adopted by the Governing Board of the District on November 18, 2020 (the “**Bond Resolution**”). See “THE REFUNDING BONDS - Authority for Issuance.”

Security and Sources of Payment for the Refunding Bonds. The Refunding Bonds are general obligation bonds of the District, payable solely from *ad valorem* property taxes levied and collected within the District. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of the Refunding Bonds, and the interest thereon, upon all property subject to taxation in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE REFUNDING BONDS.”

Under the Bond Resolution, U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County of Los Angeles, California, is the designated paying agent, registrar and transfer agent (the “**Paying Agent**”) for the Bonds.

The District has other series of general obligation bonds currently outstanding that are similarly payable from *ad valorem* property taxes. For the remaining debt service of the District’s outstanding general obligation bonds, see “DEBT SERVICE SCHEDULES – Combined General Obligation Debt Service.” See also APPENDIX A – “GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT– DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness.”

The District can make no representation regarding the effect that the current COVID-19 outbreak may have on the assessed valuation of property within the District. See “SECURITY FOR THE REFUNDING BONDS – Disclosure Relating to COVID-19.”

Payment and Registration of the Refunding Bonds. The Refunding Bonds will be dated their date of original issuance and delivery (the “**Date of Issuance**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof, registered in the name of Cede & Co. as nominee of DTC, and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC’s book-entry only system (“**DTC Participants**”) as described below. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Bonds. See “THE REFUNDING BONDS – Book-Entry Only System” and APPENDIX F.

Interest with respect to the Refunding Bonds accrues from the Date of Issuance and is payable on February 1 and August 1 of each year, commencing on February 1, 2021, until maturity or upon earlier redemption. See “THE REFUNDING BONDS – Description of the Refunding Bonds.”

Redemption. The Refunding Bonds are subject to redemption prior to their maturity as described in “THE REFUNDING BONDS – Redemption.”

Legal Matters. Issuance of the Refunding Bonds is subject to the approving opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California (“**Bond Counsel**”), to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, is serving as Disclosure Counsel to the District (“**Disclosure Counsel**”). James F. Anderson Law Firm, Laguna Hills, California, is serving as counsel to the Underwriter (“**Underwriter’s Counsel**”). *Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon issuance of the Refunding Bonds.*

Tax Matters. In the opinion of Bond Counsel, interest on the Refunding Bonds is exempt from personal income taxation imposed by the State of California. In the further opinion of Bond Counsel, interest on the Refunding Bonds is included in gross income of the owners thereof for federal income tax purposes. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See “TAX MATTERS.”

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Refunding Bonds and executed by the District (the “**Continuing Disclosure Certificate**”). The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See “CONTINUING DISCLOSURE.”

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the State and the nation, among others. For more disclosure regarding the COVID-19 emergency, see “SECURITY FOR THE REFUNDING BONDS – Disclosure Relating to COVID-19” herein. See also references to COVID-19 in the sections herein entitled “PROPERTY TAXATION,” and in APPENDIX A under the heading “GENERAL DISTRICT INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

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

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is

submitted in connection with the sale of the Refunding Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

END OF INTRODUCTION

THE REFINANCING PLAN

As described herein, the proceeds of the Refunding Bonds will be used to refund, on an advance basis, the Refunded Bonds (as defined below), and to pay related costs of issuance.

The Refunded Bonds

The 2008B Bonds. The 2008B Bonds were authorized at an election of the registered voters of the District held on November 4, 2008, which authorized the issuance of \$300,000,000 of general obligation bonds to finance the construction and modernization of school facilities for the District (the “**2008 Authorization**”). The 2008B Bonds were issued as current interest bonds and capital appreciation bonds, in the aggregate principal amount of \$40,567,733.90.

The Refunding Bonds are being issued to refund that portion of the 2008B Bonds issued as current interest bonds maturing in 2022 and 2023 (the “**2008B Refunded Bonds**”), which are subject to optional redemption on or after August 1, 2021 (the “**2008B Refunded Bonds Redemption Date**”), at a redemption price equal to the principal amount thereof, plus accrued interest to the 2008B Bonds Refunded Bonds Redemption Date, without premium. The 2008B Refunded Bonds are more particularly identified in the following table.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT Identification of 2008B Refunded Bonds*

Maturity Date (August 1)	CUSIP [†]	Principal	Interest Rate	Redemption Date	Redemption Price
2022	969268AM3	\$2,790,000	5.000%	08/01/2021	100%
2023	969268AN1	1,670,000	5.000%	08/01/2021	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. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

The 2008C Bonds. The 2008C Bonds were authorized pursuant to the 2008 Authorization. The 2008C Bonds were issued as current interest bonds and capital appreciation bonds, in the aggregate principal amount of \$168,280,123.

The Refunding Bonds are being issued to refund that portion of the 2008C Bonds issued as current interest bonds maturing in 2024-2038 (the “**2008C Refunded Bonds**”), which are subject to optional redemption on or after August 1, 2023 (the “**2008C Refunded Bonds Redemption Date**”), at a redemption price equal to the principal amount thereof, plus accrued interest to the 2008C Bonds Refunded Bonds Redemption Date, without premium. The 2008C Refunded Bonds are more particularly identified in the following table.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Identification of 2008C Refunded Bonds*

Maturity Date (August 1)	CUSIP[†]	Principal	Interest Rate	Redemption Date	Redemption Price
2024	969268CD1	\$4,790,000	4.000%	08/01/2023	100%
2025	969268CE9	5,810,000	4.000%	08/01/2023	100%
2026	969268CF6	6,775,000	4.000%	08/01/2023	100%
2027	969268CG4	7,375,000	4.000%	08/01/2023	100%
2028	969268CH2	7,180,000	5.000%	08/01/2023	100%
2029	969268CJ8	7,850,000	5.000%	08/01/2023	100%
2034 ^T	969268CK5	6,055,000	3.250%	08/01/2023	100%
2038 ^T	969268CQ2	26,500,000	4.000%	08/01/2023	100%
2038 ^T	969268CM1	28,500,000	3.500%	08/01/2023	100%
2038 ^T	969268CP4	25,000,000	3.875%	08/01/2023	100%

* Preliminary, subject to change.

^T Term Bond.

[†] 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. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

The 2012 Refunding Bonds. The 2012 Refunding Bonds were authorized pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and a resolution of the Governing Board of the District on February 1, 2012. The 2012 Refunding Bonds were issued as current interest bonds, in the aggregate principal amount of \$48,945,000.

The Refunding Bonds are being issued to refund that portion of the 2012 Refunding Bonds maturing in 2023-2027 (the “**2012 Refunded Bonds**” and, together with the 2008B Refunded Bonds and the 2008C Refunded Bonds, the “**Refunded Bonds**”), which are subject to optional redemption on or after September 1, 2022 (the “**2012 Refunded Bonds Redemption Date**”), at a redemption price equal to the principal amount thereof, plus accrued interest to the 2012 Refunded Bonds Redemption Date, without premium. The 2012 Refunded Bonds are more particularly identified in the following table.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Identification of 2012 Refunded Bonds*

Maturity Date (September 1)	CUSIP[†]	Principal	Interest Rate	Redemption Date	Redemption Price
2023	969268BG5	\$4,570,000	4.000%	09/01/2022	100%
2024	969268BH3	4,925,000	5.000%	09/01/2022	100%
2025	969268BJ9	5,345,000	5.000%	09/01/2022	100%
2026	969268BS9	3,260,000	5.000%	09/01/2022	100%
2026	969268BK6	2,550,000	3.500%	09/01/2022	100%
2027	969268BL4	6,255,000	5.000%	09/01/2022	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. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

Deposits in Escrow Fund

The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank National Association, as escrow bank (the “**Escrow Bank**”), for deposit in an escrow fund (the “**Escrow Fund**”), including the accounts therein, established under an Escrow Agreement (the “**Escrow Agreement**”) dated as of the Closing Date between the District and the Escrow Bank. The Escrow Bank will invest the amounts on deposit in the Escrow Fund in certain federal securities (“**Escrow Fund Securities**”), with the remainder held in cash, uninvested, and will apply the amounts on deposit in the Escrow Fund, including the accounts therein, together with interest earnings thereon, to pay the respective redemption prices of the 2008B Refunded Bonds on the 2008B Refunded Bonds Redemption Date, the 2008C Refunded Bonds on the 2008C Refunded Bonds Redemption Date, and the 2012 Refunded Bonds on the 2012 Refunded Bonds Redemption Date.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”). See “VERIFICATION OF MATHEMATICAL ACCURACY.” As a result of the deposit of funds with the Escrow Bank on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The Escrow Fund Securities and cash held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds and will not be available for the payment of debt service on the Refunding Bonds.

THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds will be issued under the authority of and pursuant to the Bond Law and the Bond Resolution.

Description of the Refunding Bonds

General. The Refunding Bonds will be dated the Date of Issuance, will mature in the years and be issued in the principal amounts as set forth on the inside cover page of this Official Statement. The Refunding Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof. See the maturity schedule on the inside cover page hereof and “DEBT SERVICE SCHEDULES” below.

Calculation of Interest. Interest on the Refunding Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the Refunding Bonds is payable semiannually on February 1 and August 1 of each year (each, an “**Interest Payment Date**”), commencing February 1, 2021.

Each Refunding Bond will bear interest from the Interest Payment Date next preceding its date of authentication unless (i) it is authenticated as of a day during the period from the close of business on the 15th day of the month next preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or before January 15, 2021, in which event it will bear interest from the Date of Issuance; provided, however, that if at the time of authentication of any Refunding Bond, interest is in default on outstanding Refunding Bonds, such Refunding Bonds will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payments. The principal of, and interest on, the Bonds is payable in lawful money of the United States of America without deduction for the services of the Paying Agent.

Interest on the Bonds will be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Bond is registered, and to that person’s address appearing on the Bond Register on the Record Date.

The Owner of an aggregate Principal Amount of Bonds of \$1,000,000 or more may request, in writing, prior to the close of business on the 15th day of the month preceding each Bond Payment Date, to the Paying Agent that such Owner be paid interest by wire transfer to the bank within the United States and account number on file with the Paying Agent as of the Record Date.

Payments of principal of, and redemption premiums, if any, with respect to the Bonds will be payable at maturity or redemption upon surrender at the Office of the Paying Agent.

As long as Cede & Co. is the registered owner of the Bonds, as described below, payments of principal of, and interest on, the Bonds will be made directly to DTC, or its nominee, Cede & Co. See “– Book-Entry Only System” and APPENDIX F.

Paying Agent

U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer and Tax Collector of Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Refunding Bonds (the “**Paying Agent**”).

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.

Redemption*

Optional Redemption. The Refunding Bonds maturing on or before August 1, 20____, are not subject to redemption prior to maturity. The Refunding Bonds maturing on or after August 1, 20____, are subject to redemption at the option of the District, as a whole or in part as directed by the District, and if not so directed then in inverse order of maturity and by lot within each maturity, from any source of available funds, on August 1, 20____, or on any date thereafter at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Refunding Bonds maturing on August 1, 20____ and August 1, 20____ (the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium:

Term Bonds Maturing August 1, 20____

<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount to be Redeemed</u>
20____	\$
20____	
20____	
20____ (maturity)	

Term Bonds Maturing August 1, 20____

<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount to be Redeemed</u>
20____	\$
20____	
20____	
20____ (maturity)	

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

* Preliminary; subject to change.

Selection of Refunding Bonds for Redemption. Whenever less than all of the outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written direction from the District, will select the Refunding Bonds to be redeemed as so directed by the District, and if not so directed in inverse order of maturity, and within a maturity, the Paying Agent will select Refunding Bonds for redemption by lot.

Redemption by lot will be in such manner as the Paying Agent may determine; provided, however, that the portion of any Refunding Bonds to be redeemed in part will be in the principal amount of \$500 or any integral multiple thereof.

Notice of Redemption. The Paying Agent, at the written direction of, on behalf of and at the sole cost and expense of the District, will give notice of each designated redemption of the Refunding Bonds (a "**Redemption Notice**"). Such notice will specify: (a) that the Refunding Bonds or a designated portion thereof are to be redeemed; (b) if less than all of the then-outstanding Refunding Bonds are to be called for redemption, the Redemption Notice will designate the numbers (or state that all Refunding Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP® numbers, if any, of the Refunding Bonds to be redeemed; (c) the date of the Redemption Notice and the date of redemption; (d) the place or places where the redemption will be made; and (e) descriptive information regarding the Refunding Bonds and the specific Refunding Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such notice will further state that on the specified date there will become due and payable upon each Refunding Bond to be redeemed, the portion of the principal amount of such Refunding Bond to be redeemed, together with interest accrued, to the date of redemption, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue.

Any Redemption Notice will be mailed by first class mail, postage prepaid, to the registered owners of the Refunding Bonds, to a Securities Depository and to the Informational Services, and by first class mail, postage prepaid, to the District and County and the respective Owners of any registered Refunding Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 20 days, but not more than 45 days, prior to the designated redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the redemption of such Refunding Bonds nor entitle the Owner thereof to interest beyond the date given for redemption. A certificate provided by the Paying Agent that notice of such redemption has been given as herein described will be conclusive as against all parties, and it will not be open to a Bond Owner to show that he or she failed to receive notice of such redemption. In case of the redemption, as permitted by the Bond Resolution, of all the Outstanding Refunding Bonds of any one maturity, notice of redemption will be given by mailing as provided in the Bond Resolution, except that the notice of redemption need not specify the serial numbers or CUSIP® numbers of the Refunding Bonds of such maturity.

Neither failure to receive or failure to send, to the Securities Depositories or Informational Services, any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Refunding Bonds. Neither the failure to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the redemption of such Refunding Bonds or the cessation of accrual of interest represented thereby from and after the redemption date.

As used herein, "Informational Services" means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a written request of the District delivered to 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.

Contingent Redemption; Rescission of Redemption. Any redemption notice may specify that redemption of the Refunding Bonds designated for redemption on the specified date will be subject to the receipt by the District of monies sufficient to cause such redemption (and will specify the proposed source of such monies), and neither the District or the County will have any liability to the Owners of any Refunding Bonds, or any other party, as a result of the District's failure to redeem the Refunding Bonds designated for redemption as a result of insufficient monies therefor.

Additionally, the District may rescind any optional redemption of the Refunding Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Refunding Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Refunding Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. None of the District, the County, or the Paying Agent will have any liability to the Owners of any Refunding Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Refunding Bonds as described herein.

Effect of Notice of Redemption. Notice having been given as described above (and not rescinded), and the monies for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Refunding Bonds to be redeemed will become due and payable on such date of redemption.

Defeasance

The Refunding Bonds may be defeased prior to maturity in the following ways:

- (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Refunding Bonds Outstanding, including all principal, interest and premium, if any; or
- (b) Federal Securities: By irrevocably depositing with a bank or trust company, in escrow, noncallable Defeasance Obligations, permitted under Section 149(d) of the Code, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant together with interest to accrue thereon and monies then on

deposit in the Debt Service Fund, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Refunding Bonds (including all principal and interest represented thereby and redemption premiums, if any) at or before their maturity date.

If the Refunding Bonds are defeased, then, notwithstanding that any Refunding Bonds have not been surrendered for payments, all obligations of the District and the County with respect to all Refunding Bonds will cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid from funds deposited as described above to the Owners of the Refunding Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of defeasance under the Bond Resolution, “**Defeasance Obligations**” means:

Direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations. In the case of investments in such proportionate interests, such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Defeasance Obligations; and (c) the underlying Defeasance Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at the highest then-prevailing United States Treasury securities credit rating at the time of purchase.

Book-Entry Only System

The Refunding Bonds will be issued in book-entry form only, and will be registered initially in the name of “Cede & Co.,” as nominee of DTC, which has been appointed as securities depository (the “**Securities Depository**”) for the Refunding Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Refunding Bonds.

Principal of the Refunding Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Refunding Bonds as described herein.

See APPENDIX F for additional information about DTC’s book-entry only system.

Registration, Transfer and Exchange of Bonds

If the book-entry system is no longer in effect, or is not applicable to the Refunding Bonds as sold and delivered, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the certificated Refunding Bonds (the "**Bond Register**"). While the book-entry only system is in effect, such books need not be kept, as the Refunding Bonds will be represented by one Refunding Bond for each maturity registered in the name of Cede & Co., as nominee for DTC.

Subject to the provisions of the Bond Resolution regarding the book entry-only system, the person in whose name a Refunding Bond is registered on the Bond Register will be regarded as the absolute Owner of that Refunding Bond for all purposes of the Bond Resolution. Payment of or on account of the principal of and interest on any Refunding Bond will be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Refunding Bonds, to the extent of the amount or amounts so paid.

Any Refunding Bond may be exchanged for Refunding Bonds of like tenor, maturity and aggregate principal amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent.

A Refunding Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Refunding Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Refunding Bond or Refunding Bonds of like tenor and of any authorized denomination or denominations requested by the Owner, in the aggregate principal amount of the Refunding Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If manual signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Refunding Bonds only after the new Refunding Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Refunding Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Refunding Bonds in accordance with the provisions of the Bond Resolution.

All fees, costs and expenses of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Refunding Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Bond Resolution as the Refunding Bonds surrendered upon that exchange or transfer.

Neither the District nor the Paying Agent will be required: (a) to issue or transfer any Refunding Bonds during a period beginning with the opening of business on the Business Day following the Record Date next preceding any Bond Payment Date or any date of selection of Refunding Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given; or (b) to transfer any Refunding Bonds which have been selected or called for redemption in whole or in part.

DEBT SERVICE SCHEDULES

The Refunding Bonds. The following table shows the annual debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions).

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Annual Debt Service Schedule
2020 General Obligation Refunding Bonds**

Date (August 1)	Principal	Interest	Total
2021	\$	\$	\$
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total	\$	\$	\$

Combined General Obligation Debt Service. The following table shows the combined annual debt service schedule with respect to outstanding general obligation and general obligation refunding bonds of the District, assuming no optional redemptions. See also APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness.”

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Bonds**

Period Ending (Aug. 1)	2001 Election Series B ⁽¹⁾	2008 Election Series A	2008 Election Series B ⁽²⁾	2012 Refunding Bonds ⁽¹⁾⁽²⁾	2008 Election Series C ⁽²⁾	2016 Refunding Bonds	2019 Refunding Bonds	The Refunding Bonds	Total Outstanding Bonds
2021	\$7,065,000	--	\$2,244,250	\$5,496,900	\$7,790,538	\$4,577,000	--	--	\$27,173,688
2022	7,280,000	--	3,013,000	5,660,500	8,066,738	4,725,800	--	--	28,746,038
2023	7,500,000	--	3,543,500	5,831,300	8,692,938	5,159,800	--	--	30,727,538
2024	7,725,000	--	4,115,000	6,003,500	9,754,538	5,627,550	--	--	33,225,588
2025	7,960,000	--	4,740,000	6,177,250	10,582,938	6,130,800	--	--	35,590,988
2026	8,190,000	\$9,205,829	3,365,000	6,375,000	11,315,538	--	--	--	38,451,367
2027	8,440,000	10,311,576	3,365,000	6,567,750	11,644,538	--	--	--	40,328,864
2028	15,140,000	11,387,759	3,790,000	--	11,154,538	--	--	--	41,472,296
2029	15,595,000	12,426,790	4,025,000	--	11,465,538	--	--	--	43,512,328
2030	--	26,727,612	--	--	3,443,038	--	\$11,540,621	--	41,711,270
2031	--	28,020,000	--	--	5,160,888	--	10,973,834	--	44,154,722
2032	--	31,590,000	--	--	4,252,675	--	10,760,000	--	46,602,675
2033	--	34,250,000	--	--	3,741,925	--	--	--	37,991,925
2034	--	--	34,250,000	--	5,261,613	--	--	--	39,511,613
2035	--	--	34,250,000	--	3,026,250	--	--	--	37,276,250
2036	--	--	7,325,000	--	3,026,250	--	--	--	10,351,250
2037	--	--	--	--	37,301,250	--	--	--	37,301,250
2038	--	--	--	--	47,459,969	--	--	--	47,459,969
Totals	\$84,895,000	\$163,919,566	\$108,025,750	\$42,112,200	\$203,141,694	\$26,220,950	\$33,274,456	--	\$661,589,615

(1) Bonds mature on September 1, and amounts shown are with respect to the period ending September 1 of each year indicated.

(2) Expected to be refunded, in part, with the proceeds of the Refunding Bonds. See “THE REFINANCING PLAN.”

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Refunding Bonds are as follows:

<u>Sources of Funds</u>		
Principal Amount of Refunding Bonds		\$
[Net] Original Issue		
[Premium/Discount]		
Total Sources		\$
 <u>Uses of Funds</u>		
Escrow Fund		\$
Costs of Issuance ⁽¹⁾		
Total Uses		\$

(1) Costs of issuance include, without limitation, Underwriter's discount, printing costs, premiums for any municipal bond insurance policy, and fees of Bond Counsel, Disclosure Counsel, the municipal advisor, the Paying Agent, Escrow Bank, and the rating agencies.

SECURITY FOR THE REFUNDING BONDS

Ad Valorem Taxes

Refunding Bonds Payable from Ad Valorem Property Taxes. The Refunding Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected within the District by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of the Refunding Bonds upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

In no event is the District obligated to pay debt service and redemption premium, if any, on the Refunding Bonds out of any funds or properties of the District other than *ad valorem* property taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own monies howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from Ad Valorem Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* property taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See “DEBT SERVICE SCHEDULES” above and “PROPERTY TAXATION – Direct and Overlapping Debt” below.

Levy and Collection. The County will levy and collect such *ad valorem* property taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Refunding Bonds, which is maintained by the County, and which is irrevocably pledged for the payment of debt service on the Refunding Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

District property taxes are not covered by a Teeter Plan. See “PROPERTY TAXATION - Tax Levies and Delinquencies; No Teeter Plan” below.

Statutory Lien on Ad Valorem Tax Revenues. In accordance with Section 53515 of the California Government Code, the Refunding Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* tax imposed to service the Refunding Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the *ad valorem* tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* property tax levied by the County to repay the Refunding Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Refunding Bonds. Fluctuations in the annual debt service on the Refunding Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See also below under the heading "– Disclosure Relating to COVID-19."

Debt Service Fund

The County will establish a Debt Service Fund (the "**Debt Service Fund**") for the Refunding Bonds, which will be established and held by the County Treasurer and Tax Collector as a separate fund to be maintained distinct from all other funds of Los Angeles County. All taxes levied by the County for the payment of debt service and premium (if any) on the Refunding Bonds will be transferred to and deposited in the Debt Service Fund promptly upon receipt.

Pursuant to Government Code Sections 5450 and 5451, and as set forth in the Bond Resolution, funds in the Debt Service Fund are irrevocably pledged for the payment of the principal of, and interest on and redemption premium, if any, on the Refunding Bonds, when due. Funds in the Debt Service Fund after payment of principal of, interest on, and redemption premium, if any, on the Refunding Bonds, if any still then remain following each August 1, may be used to pay administrative costs and expenses for the Refunding Bonds, including fees and expenses of the Paying Agent.

The monies in the Debt Service Fund, to the extent necessary to pay the principal of, interest on, and redemption premium, if any, on the Refunding Bonds as the same become due and payable, will be transferred by the County Treasurer and Tax Collector, or his or her designee or deputy, to the Paying Agent who in turn, will pay such monies to DTC to pay the principal of, interest on, and redemption premium, if any, on the Refunding Bonds when due. The Securities Depository will thereupon make payments of principal of, interest on, and redemption premium, if any, on the Refunding Bonds, as applicable, to the Securities Depository Participants who will thereupon make payments of principal of, interest on, and redemption premium, if any, on the Refunding Bonds to the beneficial owners of the Refunding Bonds.

The County, the District and the Paying Agent will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Refunding Bonds, except as expressly provided for in the Bond Resolution, and neither the County, the District nor the Paying Agent will have any responsibility or obligation, legal or otherwise, to the beneficial owners of the Refunding Bonds or to any other party, including DTC or its successor, beyond those responsibilities expressly set forth in the Bond Resolution.

Any monies remaining in the Debt Service Fund after all of the Refunding Bonds, the interest thereon, and redemption premium, if any, have been paid, or provision for such

payment has been made, will be transferred to the debt service fund(s) of other than outstanding general obligation bonds of the District, and if none, then such funds will be transferred to the General Fund of the District pursuant to the Education Code Section 15235, or any successor section thereto.

Not a County Obligation

The Refunding Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of debt service on the Refunding Bonds. 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 of the County.

Investment of Funds

Money on deposit in the Debt Service Fund initially will be deposited in the Los Angeles County Treasury. Under California law, the District is generally required to pay all monies received from any source into the Los Angeles County Treasury to be held on behalf of the District. The County Treasurer has authority to implement and oversee the investment of funds on deposit in commingled funds of the Pooled Surplus Investment Fund of the County (the “**County Pool**”).

Money on deposit in the Debt Service Fund will be accounted for separately and be held in the commingled County Pool and invested by the County Treasurer. See “APPENDIX G.”

Disclosure Relating to COVID-19

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**” or “**Coronavirus**”), which has spread throughout the world, including to the United States, has been declared a Pandemic by the World Health Organization, a National Emergency by President Trump (the “**President**”) and a State of Emergency by State Governor Newsom (the “**Governor**”). The emergency has resulted in tremendous volatility in the financial markets in the United States and globally, and the likely onset of a U.S. and global recession.

The President’s declaration of a National Emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multibillion-dollar Coronavirus relief package was signed into law by the President on March 18, 2020, known as the “Families First Coronavirus Response Act,” providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In an effort to calm the markets, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds. Further, on March 27, 2020, the federal legislation known as the “Coronavirus Aid, Relief, and Economic Security Act” (the “**CARES Act**”) was enacted and included \$2 trillion in relief. The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to The Education Stabilization Fund to provide Emergency Relief Grants to educational institutions and local educational agencies in their respective responses to COVID-19. This funding allocation includes approximately \$13.5 billion in formula funding to the Elementary and Secondary School Emergency Fund to make grants available to each state educational agency to facilitate K-12 schools’ responses to COVID-19.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the SBA's Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed, to provide additional funding for the local program for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed a two-bill package providing \$1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis, including \$100 million for schools to pay for facilities cleaning, protective equipment, supplies and labor.

On March 19, 2020, the Governor issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain essential jobs and essential needs. Thereafter, on May 4, 2020, the Governor's Order N-60-20 informed local health jurisdictions and industry sectors that they may gradually reopen pursuant to guidance provided from the State's Public Health Officer, which was provided on May 7, 2020. The State's reopening approach is being conducted in accordance with "California's Pandemic Roadmap" which identifies four stages of the pandemic, being (1) safety and preparation, (2) reopening of lower risk workplaces and other spaces, (3) reopening of higher risk workplaces and other spaces, and (4) easing of final restrictions leading to the end of the state at home order. The Roadmap identifies criteria and procedures for reducing restrictions by local officers that might be less restrictive than statewide measures. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can permit more activities as outlined by the State for variances by county. On August 28, 2020, the State released a "Blueprint for a Safer Economy" (the "**State's Blueprint**") with revised criteria for loosening and tightening restrictions on activities based on a tier system. Information about the tier system and new criteria is available in the Governor's News release at <https://www.gov.ca.gov/2020/08/28/governor-newsom-unveils-blueprint-for-a-safer-economy-a-statewide-stringent-and-slow-plan-for-living-with-covid-19/>. The information on such web site is not incorporated herein by reference.

Local jurisdictions within the State also issued shelter-in-place orders, which can impose greater restrictions than are contained in the State order.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surround 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 neither the District nor the Purchaser assume any responsibility for the*

accuracy of the information on such websites.

Impacts on Global and Local Economies; Potential Declines in State Revenues.

The COVID-19 public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. A substantial increase in unemployment has occurred and a decline in State revenues, including derived from personal income tax receipts, is expected. The District cannot predict the short- or long-term impacts the COVID-19 emergency and the responses of federal, State or local governments thereto, will have on global, State-wide and local economies, which could impact District operations and finances, and local property values.

Suspension of Classroom Instruction; Remote Learning. The shelter in place orders suspended in-person classroom instruction throughout California schools from March 2020 through the end of the academic year. School districts in the State have generally commenced the 2020-21 academic year in accordance with the Governor's order of July 17, 2020 (Pandemic Plan for Learning and Safe Schools) and the State's Blueprint. Under the State's Blueprint, the County is currently in Tier 1 (Purple). Schools located in counties in the Purple (Widespread) tier are not permitted to reopen for in-person instruction until their county has been in the Red (Substantial) or lower tier for at least two weeks.

With respect to funding of school districts in light of the COVID-19 pandemic, State law allows school districts to apply for a waiver to hold them harmless from the loss of State apportionment funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, Executive Order N-26-20 provides for continued State funding to support distance learning or independent study, providing subsidized school meals to low-income students, continuing payment for school district employees, and, to the extent practicable, providing for attendance calculations supervision of students during school hours. In addition, Senate Bill 117 (March 17, 2020) addresses attendance issues and instructional hour requirements, among other items, and effectively holds schools harmless from funding losses that could result from these issues under existing education funding formulas. See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally." In addition, federal funding to school districts is available to most school districts under the CARES Act.

The District cannot predict all of the possible impacts that the COVID-19 emergency might have on its finances or programs or the credit ratings on its debt obligations. Examples of possible effects are the unanticipated costs of mitigation measures and of implementing distance learning, deteriorating economies reducing local and State revenues, declining assessed values, possible lower credit ratings, material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years, among others.

General Obligation Bonds Secured by Ad Valorem Tax Revenues. 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 purpose revenues, the Refunding Bonds described herein are 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. The District cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE REFUNDING BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing (1) state assessed public utilities’ property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the applicable county.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, Senate Bill 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. 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 county clerk 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 exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. 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 (“**Order N-61-20**”). Under 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 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.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict the impact of Order N-61-20 on property tax revenues in the County or the District, whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the County based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Assessed Valuation History. The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see APPENDIX A under the heading “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The following table sets forth a recent history of the assessed value in the District.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 2010-11 through 2020-21

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2010-11	32,577,925,405	42,286,023	1,166,113,509	33,786,324,937	--
2011-12	32,749,890,834	41,967,599	1,113,366,851	33,905,225,284	0.4
2012-13	32,133,487,830	41,967,599	1,151,190,716	33,326,646,145	(1.7)
2013-14	32,904,001,822	9,410,995	1,142,324,709	34,055,737,526	2.2
2014-15	35,502,492,273	7,701,513	1,159,889,415	36,670,083,201	7.7
2015-16	37,381,038,670	4,764,954	1,147,782,943	38,533,586,567	5.1
2016-17	39,194,716,644	5,090,240	1,100,453,770	40,300,260,654	4.6
2017-18	40,807,273,935	10,322,510	1,118,708,960	41,936,305,405	4.1
2018-19	43,047,248,980	6,715,145	1,163,768,723	44,217,732,848	5.4
2019-20	45,019,671,156	5,894,176	1,177,947,311	46,203,512,643	4.5
2020-21	47,426,085,614	4,912,960	1,198,437,881	48,629,436,455	5.3

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. For example, in October 2019, a portion of a wildfire referred to as the Tick Fire burned within the boundaries of the District and resulted in closure of schools in the District due to unhealthy air conditions. No District schools or facilities were damaged by this wildfire. The District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which could result in an economic recession or depression that could cause general marked declines in property values. For disclosure relating to the COVID-19 emergency, see also "SECURITY FOR THE REFUNDING BONDS – Disclosure Relating to COVID-19."

Proposition 19 was presented to voters of the State on the November 3, 2020. While the result of the election is not expected to be certified until sometime in December 2020, it appears that Proposition 19 received sufficient votes to pass. Proposition 19 is a State constitutional amendment which would change the manner of assessment of property when it is transferred between parents and children. Under current law, reassessment is not triggered by such transfers, but Proposition 19 generally would result in a reassessment. The District cannot predict the impact Proposition 19 might have on assessed values in the District.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in the District.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2020-21

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Santa Clarita	\$37,222,621,426	76.54%	\$37,222,674,431	100.00%
Unincorporated Los Angeles Co.	11,406,815,029	23.46	\$117,499,724,109	9.71%
Total District	\$48,629,436,455	100.00%		
Los Angeles County	\$48,629,436,455	100.00%	\$1,708,923,809,032	2.85%

Source: California Municipal Statistics, Inc.

Parcels by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2020-21.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21

	2020-21 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	\$66,944,578	0.14%	48	0.05%
Commercial	4,460,570,0169	9.41	1,135	1.27
Vacant Commercial	246,975,8350	0.52	570	0.64
Industrial	2,873,114,596	6.06	1,023	1.15
Vacant Industrial	208,252,218	0.44	423	0.47
Recreational	317,248,777	0.67	92	0.10
Government/Social/Institutional	191,571,866	0.40	360	0.40
Vacant Other/Desert	383,089,468	0.81	1,716	1.92
Miscellaneous/Unknown	195,344,977	0.41	322	0.36
Subtotal Non-Residential	\$8,943,112,331	18.86%	5,689	6.38%
Residential:				
Single Family Residence	\$30,514,883,814	63.34%	61,164	68.61%
Condominium/Townhouse	4,306,489,117	9.08	14,804	16.61
Mobile Home	35,452,342	0.07	197	0.22
Mobile Home Park	126,638,376	0.27	40	0.04
2-4 Residential Units	115,927,164	0.24	320	0.36
5+ Residential Units/Apartments	2,759,791,083	5.82	325	0.36
Vacant Residential	623,791,387	1.32	6,603	7.41
Subtotal Residential	\$38,482,973,283	81.14%	83,454	93.62%
Total	\$47,426,085,614	100.00%	89,143	100.00%

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

Per Parcel Assessed Valuation of Single-Family Homes. The table below shows the per parcel assessed valuation of single-family homes in the District for fiscal year 2020-21, including the median and average assessed value per parcel.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2020-21

Single Family Residential	2020-21		Average		Median	
	<u>No. of</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
	<u>Parcels</u>	\$	\$	\$	\$	\$
<u>2020-21</u>	<u>No. of</u>	<u>% of</u>	<u>Cumulative</u>	<u>Total</u>	<u>% of</u>	<u>Cumulative</u>
<u>Assessed Valuation</u>	<u>Parcels ⁽¹⁾</u>	<u>Total</u>	<u>% of Total</u>	<u>Valuation</u>	<u>Total</u>	<u>% of Total</u>
\$0 - \$49,999	306	0.500%	0.500%	\$11,261,129	0.037%	0.037%
\$50,000 - \$99,999	1,572	2.570	3.070	120,074,768	0.393	0.430
\$100,000 - \$149,999	1,278	2.089	5.160	157,536,174	0.516	0.947
\$150,000 - \$199,999	1,570	2.567	7.727	278,605,981	0.913	1.860
\$200,000 - \$249,999	2,752	4.499	12.226	625,189,804	2.049	3.908
\$250,000 - \$299,999	3,832	6.265	18.491	1,056,792,066	3.463	7.372
\$300,000 - \$349,999	4,687	7.663	26.154	1,523,827,870	4.994	12.365
\$350,000 - \$399,999	5,122	8.374	34.528	1,922,274,252	6.299	18.665
\$400,000 - \$449,999	5,391	8.814	43.342	2,294,446,904	7.519	26.184
\$450,000 - \$499,999	6,065	9.916	53.258	2,882,026,844	9.445	35.629
\$500,000 - \$549,999	6,018	9.839	63.097	3,157,038,204	10.346	45.975
\$550,000 - \$599,999	5,245	8.575	71.672	3,011,382,511	9.869	55.843
\$600,000 - \$649,999	4,329	7.078	78.749	2,701,747,886	8.854	64.697
\$650,000 - \$699,999	3,562	5.824	84.573	2,399,604,373	7.864	72.561
\$700,000 - \$749,999	2,720	4.447	89.020	1,966,189,932	6.443	79.004
\$750,000 - \$799,999	1,933	3.160	92.180	1,494,132,847	4.896	83.900
\$800,000 - \$849,999	1,235	2.019	94.199	1,016,465,915	3.331	87.232
\$850,000 - \$899,999	845	1.382	95.581	738,908,589	2.421	89.653
\$900,000 - \$949,999	614	1.004	96.585	567,273,041	1.859	91.512
\$950,000 - \$999,999	421	0.688	97.273	410,017,796	1.344	92.856
\$1,000,000 and greater	1,668	2.727	100.000	2,180,086,928	7.144	100.000
Total	61,165	100.000%		\$30,514,883,814	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" in APPENDIX A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most

cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Refunding Bonds to increase accordingly, so that the fixed debt service on the Refunding Bonds (and other outstanding general obligation bonds, if any) may be paid.

Typical Tax Rates

Below are historical typical tax rates in a tax rate area within the District in recent years.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Typical Tax Rates as Percent of Assessed Valuation
(Tax Rate Area 908) ⁽¹⁾
Fiscal Years 2016-17 through 2020-21

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Saugus Union School District	.039499	.039512	.030402	.028761	0.030142
Saugus Union School District SFID No. 2014-1	.026921	.025533	.026202	.025593	0.026879
William S. Hart Union High School District	.049506	.050694	.056464	.054929	0.054642
Santa Clarita Community College District	.027579	.043045	.040979	.029480	0.040546
Castaic Lake Water Agency	.070600	.070600	.070600	.070600	0.070600
Total	1.214105%	1.229384%	1.224647%	1.209363%	1.222809%

(1) 2020-21 assessed valuation of TRA 908 is \$1,588,508,325, which is 3.27% of the district's total assessed valuation.

Source: *California Municipal Statistics, Inc.*

Tax Levies and Delinquencies; No Teeter Plan

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the “**Teeter Plan**”), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

The following table shows tax charges, collections and delinquencies for secured property in the District.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT Secured Tax Charges and Delinquencies Fiscal Years 2015-16 through 2019-20

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2015-16	31,208,922.11	443,592.17	1.42%
2016-17	32,575,400.34	387,646.50	1.19
2017-18	34,157,060.05	424,992.92	1.24
2018-19	35,959,116.61	491,915.80	1.37
2019-20	37,764,435.96	852,482.80	2.26

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent June 30	Percent Delinquent June 30
2015-16	18,152,352.06	183,468.00	1.01%
2016-17	20,243,177.08	173,794.91	0.86
2017-18	20,508,461.11	153,786.12	0.75
2018-19	25,677,476.37	219,468.08	0.85
2019-20	24,692,268.26	311,738.93	1.26

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rate.

(2) Debt service levy only.

Source: California Municipal Statistics, Inc.

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, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See “SECURITY FOR THE REFUNDING BONDS – Disclosure Relating to the COVID-19.”

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures, including Order N-61-20 which waives the collection of certain penalties and interest on delinquent property taxes resulting from the COVID-19 pandemic, might have on the District's property tax revenues. See “PROPERTY TAXATION – Property Tax Collection Procedures” herein.

Largest Property Owners

The 20 taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2020-21 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT Top 20 Secured Property Taxpayers Fiscal Year 2020-21

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1. Valencia Town Center Venture LP	Shopping Center	\$406,490,247	0.86%
2. Newhall Land and Farming Co.	Land Holdings	239,211,801	0.50
3. Wesco IV LLC	Apartments	201,363,422	0.42
4. Magic Mountain LLC	Theme Park	189,292,457	0.40
5. IMT Capital V Stevenson Ranch	Apartments	170,721,385	0.36
6. Valencia Marketplace I & II LLC	Shopping Center	165,657,889	0.35
7. Park Sierra Properties	Apartments	147,564,742	0.31
8. Bel Valencia LLC, Lessor	Office Building	140,716,182	0.30
9. Saugus Colony Limited	Apartments	125,702,773	0.27
10. IVT River Oaks Valencia LLC	Shopping Center	119,645,996	0.25
11. EQR Valencia LLC	Apartments	111,495,487	0.24
12. EQR The Oaks LLC	Apartments	109,272,595	0.23
13. Valencia Biomedical Park LLC	Industrial	107,326,854	0.23
14. ARC SLSTCA001 LLC	Industrial	105,498,161	0.22
15. Aerospace Dynamics International	Industrial	102,370,343	0.22
16. Berry Petroleum Company LLC	Oil & Gas	96,012,204	0.20
17. Logix Federal Credit Union	Industrial	89,967,901	0.19
18. Pardee Construction Co. Corp.	Residential Development	89,388,785	0.19
19. Chiquita Canyon LLC	Landfill	88,746,384	0.19
20. Rreef America REIT II Corp. DD	Apartments	88,680,172	0.19
		<u>\$2,895,125,780</u>	<u>6.10%</u>

(1) 2020-21 local secured assessed valuation: \$47,426,085,614.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth in the following table is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. with respect to debt dated as November 6, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of November 6, 2020

2020-21 Assessed Valuation: \$48,629,436,455

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/20</u>
Antelope Valley Joint Community College District	0.003%	\$ 14,353
Santa Clarita Community College District	100.	323,180,313
William S. Hart Union High School District	100.	323,615,299 ⁽¹⁾
Castaic Union School District	100.	18,765,000
Newhall Union School District and School Facilities Improvement District No. 2011-1	100.	63,180,000
Saugus Union School District and School Facilities Improvement District No. 2014-1	100.	140,936,729
Sulphur Springs Union School District	100.	57,962,379
Saugus School District Community Facilities Districts	100.	125,580,000
Saugus/Castaic School District Community Facilities District No. 2006-1C	100.	15,665,000
Saugus/Hart School District Community Facilities District No. 2000-1	100.	7,700,000
Sulphur Springs Union School District Community Facilities Districts	100.	42,455,000
William S. Hart Union High School District Community Facilities Districts	100.	61,395,000
City of Santa Clarita Community Facilities District Nos. 2002-1 and 2016-1	100.	30,670,000
Los Angeles County Community Facilities Districts	100.	11,415,000
City of Santa Clarita 1915 Act Bonds	100.	690,000
City of Santa Clarita Streetlighting Maintenance District No. 2	100.	13,975,000
City of Santa Clarita Open Space & Parkland Assessment District	100.	12,430,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,249,629,073

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	2.846%	\$ 65,514,001
Los Angeles County Superintendent of Schools Certificates of Participation	2.846	129,931
Santa Clarita Community College District General Fund Obligations	100.	7,330,000
William S. Hart Union High School District General Fund Obligations	100.	43,003,304
Castaic Union School District Certificates of Participation	100.	3,140,000
Saugus Union School District General Fund Obligations	100.	10,025,000
Sulphur Springs Union School District Certificates of Participation	100.	25,375,000
City of Santa Clarita General Fund Obligations	100.	48,905,000
Los Angeles County Sanitation District No. 32 Authority	99.999	2,483,286
Antelope Valley Healthcare District General Fund Obligations	0.232	16,244
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$205,921,766

<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to Santa Clarita Redevelopment Agency	100. %	\$31,510,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$31,510,000

COMBINED TOTAL DEBT **\$1,487,060,839 ⁽²⁾**

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$323,615,299).....0.67%
Total Direct and Overlapping Tax and Assessment Debt2.57%
Gross Combined Direct Debt (\$372,975,945).....0.75%
Combined Total Debt3.06%

Ratios to Redevelopment Incremental Valuation (\$507,261,216):

Total Direct Tax and Increment Debt6.21%

(1) Includes the Refunded Bonds, but excludes the Refunding Bonds offered for sale hereunder.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Status

In the opinion Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, interest on the Refunding Bonds is exempt from personal income taxation imposed by the State of California. In the opinion of Bond Counsel, interest on the Refunding Bonds is included in gross income of the owners thereof for federal income tax purposes.

Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds.

Certain requirements and procedures contained or referred to in the Bond Resolution and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Refunding Bond or the interest thereon if any such change occurs or action is taken upon advice or approval of bond counsel other than Bond Counsel.

The opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel to the District, approving the validity of the Bonds, in substantially the form appearing in APPENDIX D, will be supplied to the original purchasers of the Refunding Bonds without cost. See APPENDIX D for the proposed form of the opinion of Bond Counsel. A copy of the legal opinion will be attached at the end of each Refunding Bond. The payment of fees of Bond Counsel is contingent upon the closing of the Refunding Bonds transaction.

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Refunding Bonds and to rendering an opinion as to the validity of the Refunding Bonds and that interest on the Refunding Bonds is exempt from State of California personal income taxation. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Refunding Bonds and expresses no opinion relating thereto.

Original Issue Discount; Premium Bonds

The initial public offering price of the Refunding Bonds in some cases may be less than the amount payable with respect to such Refunding Bonds at maturity.

Purchasers should consult their personal tax advisors with respect to the determination for income tax purposes of the amount of original issue discount properly accruable with respect to the Refunding Bonds, other income tax consequences of owning taxable obligations with original issue discount and any state and local consequences of owning the Refunding Bonds.

Impact of Legislative Proposals and Court Decisions on the Tax Status of the Refunding Bonds

Current and future legislative proposals if enacted into law or court decisions may prevent Owners of the Refunding Bonds from realizing the full current benefit of the tax status of interest paid on the Refunding Bonds (as stated herein).

The introduction or enactment of any such current and future legislative proposals or court decisions may also affect the market price for, liquidity of or marketability of, the Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, interest and redemption premium requirements of the Refunded Bonds described under the heading “THE REFINANCING PLAN” and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Refunding Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year (which currently is June 30), commencing March 31, 2021, with the report for the 2019-20 fiscal year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Refunding Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”).

The District has existing undertakings pursuant to the Rule in connection with the delivery of prior general obligation bonds. See APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness.”

During the past five years, based on a third-party compliance survey reviewed by the District, the District has not failed to comply in all material respects with its prior continuing disclosure undertakings.

Neither the County nor any other entity other than the District has any obligation or will incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

CERTAIN LEGAL MATTERS

No litigation is pending or threatened concerning the validity of the Refunding Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Refunding Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Refunding Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Refunding Bonds or actions taken with respect to the Refunding Bonds and which have arisen in the normal course of operating the District, including as a result of the COVID-19 pandemic. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

RATING

Moody's Investors Services ("**Moody's**") has assigned a rating of "___" to the Refunding Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such rating reflects only the view of Moody's, and an explanation of the significance of the rating and any outlook associated with the rating may be obtained only from Moody's. There is no assurance that any credit rating given to the Refunding Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the **"Underwriter"**), pursuant to a bond purchase agreement for the Refunding Bonds. The Underwriter has agreed to purchase the Refunding Bonds at a price of \$_____, representing the principal amount of the Refunding Bonds, plus original issue premium of \$_____ and less Underwriter's discount of \$_____. The Underwriter may offer and sell Refunding Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

References in this Official Statement to the Bond Resolution, the Escrow Agreement and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available from the Underwriter and following delivery of the Refunding Bonds will be on file at the offices of the Paying Agent.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available from upon written request to the District.

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.

EXECUTION

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

**WILLIAM S. HART UNION HIGH SCHOOL
DISTRICT**

By: _____
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that debt service on the Refunding Bonds is payable from the general fund of the District. The Refunding Bonds are payable by the District solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "SECURITY FOR THE REFUNDING BONDS" herein.

GENERAL DISTRICT INFORMATION

General Information

Formed in 1945, the District provides public education within an approximately 370 square mile area, serving the City of Santa Clarita (the "**City**") and neighboring communities. The District is located in the Santa Clarita Valley in the northern part of the County of Los Angeles (the "**County**"). The District currently operates seven comprehensive high schools, six junior high schools, continuation school, middle college high school, independent study school, home school support program, adult school and Regional Occupational Program. Enrollment for the 2020-21 fiscal year is approximately 22,376 students.

For more information regarding the District and its finances generally, see APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other information regarding the City and County.

Administration

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

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Linda Storli	President	December 2024
Cherise Moore	Clerk	December 2022
Joe Messina	Assistant Clerk	December 2022
Bob Jensen	Member	December 2022
James Webb	Member	December 2024

Administration. 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. Mike Kuhlman currently serves as the Superintendent of the District, Ralph Peschek serves as the Chief Business Officer, and Karen Bladen serves as the Supervisor, Facilities Accounting.

Recent Enrollment Trends

The following table shows recent enrollment history for the District with budgeted figures for fiscal year 2020-21.

ANNUAL ENROLLMENT **Fiscal Years 2015-16 through 2020-21** **William S. Hart Union High School District**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Annual Percent Change</u>
2015-16	22,583	--
2016-17	22,437	(0.6)
2017-18	22,661	1.0
2018-19	22,416	(1.1)
2019-20	22,228	0.0
2020-21*	22,067	(0.7)

*Budgeted.

Source: California Department of Education for 2015-16 through 2019-20.
William S. Hart Union High School District for 2020-21.

District's Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. In accordance with State orders and mandates, school districts located in counties that are in Tier 1 (Widespread) of the State's reopening plan resulting from the COVID-19 pandemic must provide distance learning for the beginning of the 2020-21 school year, until such time that the County has been in Tier 2 (Substantial) or lower for fourteen days. The County is currently in Tier 1 (Widespread), and as such the District has commenced the 2020-21 academic year in a distance learning format. The District has formulated plans for eventual instruction in a blended learning model when conditions allow, and will conduct its programs in accordance with requirements and recommendations of State and local health authorities, and with the guidance of the County Office of Education.

In order to address some of the financial costs which have arisen due to the COVID-19 pandemic, such as facilities cleaning, the costs of personal protective equipment and implementation of distance learning, the District currently expects to receive \$12,394,070 (in federal funding under the CARES Act and \$1,785,627 in funding under SB 117, which are both one-time COVID relief funds. However, the District has realized some cost-savings resulting from not operating its sites, such as reductions in costs relating to substitute teachers, electricity costs and costs relating to transportation and fuel, which have offset some of the expenses resulting from the COVID-19 pandemic.

The District is funded pursuant to the State's education funding formula known as LCFF, and as such, the District's main operating revenues will be affected by the State's financial position. As a result of the COVID-19 emergency, the State's revenues declined sharply from the original budget for the 2019-20 fiscal year, and the 2020-21 State Budget includes a number of strategies intended to address a significant budget gap. The extent of the potential decline in education funding is unknown, and whether additional federal funding will be available to school

districts is not known at this time. See herein under the heading “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” for information on the State’s current budget.

With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase, although the State has reduced contribution rates as part of its 2020-21 Budget.

The District maintains reserves for economic uncertainties, which exceed the State’s required minimum reserve, and has a projected ending fund balance (combined restricted and unrestricted) for fiscal year 2020-21 of 9.82% of expenditures. See “DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting – District Reserves.”

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

Employee Relations

The District has 1,067.4 certificated full-time equivalent (“FTE”) employees, 800.5 classified FTE employees, and 94 management/supervisor/confidential FTE employees. The certificated and classified employees of the District are represented by two bargaining units, as set forth in the following table.

BARGAINING UNITS William S. Hart Union High School District

Employee Group	Representation	Contract Expiration Date
Certificated	Hart District Teachers Association	June 30, 2020 ⁽¹⁾
Classified	California School Employees Association, Chapter 349	June 30, 2021

(1) The Hart District Teachers Association continues to operate under the existing contract. The District expects negotiations for a new contract to begin in January 2021.

Source: William S. Hart Union High School District.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that debt service on the Refunding Bonds is payable from the general fund of the District. The Refunding Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts that had local property tax revenues that exceeded their revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues that exceeded their revenue limit funding entitlement. Basic Aid Districts are now known as "Community Supported Districts."

The fiscal year 2013-14 State budget replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the "**LCFF**"). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, 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 grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and has been phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts have had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2020-21 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

**Fiscal Year 2020-21 Base Grant⁽¹⁾ Under LCFF by Grade Span
(Targeted Base Grant)**

Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2019-20 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
Statutory COLA (2.31%)	\$178	\$181	\$186	\$215
2020-21 Base Grant Before Deficit Factor	\$7,880	\$7,999	\$8,236	\$9,544
Deficit Factor Impact	(\$178)	(\$181)	(\$186)	(\$215)
2020-21 Base Grants After Deficit Factor	\$7,702	\$7,818	\$8,050	\$9,329
Grade Span Adjustment Factors	10.4%	--	--	2.6%
Grade Span Adjustment Amounts	\$801	--	--	\$243
2020-21 Adjusted Base Grants ⁽²⁾	\$8,503	\$7,818	\$8,050	\$9,572

(1) Does not include supplemental and concentration grant funding entitlements.

(2) Reflects 0% cost of living adjustment from fiscal year 2019-20.

Source: California Department of Education.

The LCFF legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District 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. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board (“**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.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2019 Audited Financial Statements were prepared by Eide Bailly LLP, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the District Office, William S. Hart Union High School District, 21380 Centre Pointe Parkway, Santa Clarita, California; Telephone (661) 259-0033. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the general fund for the District for the fiscal years 2014-15 through 2018-19.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2014-15 through 2018-19 (Audited)
William S. Hart Union High School District

<u>Revenues</u>	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
LCFF Sources	\$162,279,194	\$178,844,315	\$185,059,117	\$188,679,601	\$206,193,067
Federal Revenues	7,060,697	6,078,904	5,994,635	7,694,048	8,623,441
Other State Revenues	14,903,024	27,833,590	24,186,578	18,398,088	35,866,600
Other Local Revenues	16,397,526	18,907,079	17,425,505	18,615,531	18,888,644
Total Revenues	200,640,441	231,663,888	232,665,835	233,387,268	269,571,752
<u>Expenditures</u>					
Current					
Instruction	118,957,103	124,669,555	130,603,157	131,149,496	146,903,313
Instruction-Related Activities:					
Supervision of Instruction	4,453,882	5,380,657	5,893,090	5,701,944	7,074,735
Instructional Library, Media, Tech	2,259,769	2,523,510	2,669,522	2,654,477	2,928,664
School Site Administration	15,995,686	16,304,727	17,993,817	17,492,215	20,921,260
Pupil Services:					
Home-to-School Transport	3,537,111	3,890,411	4,972,468	4,465,270	4,598,795
Food Services	--	--	--	27,776	812
All Other Pupil Services	20,224,981	21,877,703	22,914,877	24,090,035	27,806,550
General Administration:					
Data Proc.	5,943,821	5,532,626	6,942,855	8,247,786	9,198,567
All Other General Administration	11,107,497	11,738,552	10,699,189	11,631,078	12,560,725
Plant Services	22,210,463	22,654,472	23,442,951	22,405,136	24,003,120
Ancillary Services	1,706,315	1,360,826	1,476,838	1,303,521	1,954,153
Community Services	(107,097)	30,900	53,034	13,329	49,815
Other Outgo	170,505	457,025	376,839	520,353	574,298
Facility Acquisition and Construction	15,959	96,149	174,581	146,167	908,902
Enterprise Services	--	7,693	--	--	--
Debt Service: Principal	220,426	193,678	564,753	594,464	631,062
Debt Service: Interest	2,342	29,089	153,583	132,890	607,993
Total Expenditures	206,698,763	216,747,573	228,931,554	230,575,937	260,722,764
Excess of Revenues Over/(Under) Expenditures	(6,058,322)	14,916,315	3,734,281	2,811,331	8,848,988
<u>Other Financing Sources (Uses)</u>					
Operating Transfers in	--	--	--	--	--
Other Sources	--	--	--	--	--
Operating Transfers out	--	(4,747,195)	(2,052,138)	(3,087,199)	(785,000)
Total Other Financing Sources (Uses)	--	(4,747,195)	(2,052,138)	(3,087,199)	(785,000)
Net Change in Fund Balance	(6,058,322)	10,169,120	1,682,143	(275,868)	8,063,988
Fund Balance, July 1	44,788,406	38,650,084 ⁽¹⁾	48,819,204	50,501,347	50,225,479
Fund Balance, June 30	\$38,730,084	\$48,819,204	\$50,501,347	\$50,225,479	\$58,289,467

(1) As restated.

Source: William S. Hart Union High School District.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Los Angeles County Office of Education and its Superintendent of Schools (the “**County Superintendent**”), who is not an officer of the County.

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

A State law adopted in 1991 (“**A.B. 1200**”) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education, which is not a department of the County, 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 two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

- **Positive certification** - the school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years.
- **Negative certification** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.
- **Qualified certification** - the school district may not meet its financial obligations for the current fiscal year or the subsequent two fiscal years.

Under California law, any school district and office of education that has 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 anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. In the past five years, each of the District's interim reports have been certified as positive, and each of its adopted budgets have been approved.

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2019-20 (unaudited actuals) and 2020-21 (adopted budget).

**GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE ⁽¹⁾
Fiscal Year 2019-20 (Unaudited Actuals)
Fiscal Year 2020-21 (Adopted Budget)
William S. Hart Union High School District**

	Unaudited Actuals 2019-20	Adopted Budget 2020-21
<u>Revenues</u>		
LCFF Sources	\$202,732,293	\$191,151,428
Federal Revenues	7,932,481	8,949,509
Other State Revenues	22,523,891	12,289,952
Other Local Revenues	21,994,270	17,100,471
Total Revenues	255,182,935	229,491,360
<u>Expenditures</u>		
Certificated Salaries	105,659,146	106,813,124
Classified Salaries	39,060,502	39,884,015
Employee Benefits	72,429,602	63,529,726
Books and Supplies	10,921,423	16,858,396
Services & Operating Exp.	25,054,586	27,639,891
Capital Outlay	1,702,989	400,000
Other Outgo (Excluding Indirect Costs)	3,626,941	4,347,488
Direct Support/Indirect Costs	(161,501)	(179,027)
Total Expenditures	258,293,689	259,293,613
Excess of Revenues Over/(Under) Expenditures	(3,110,753)	(29,802,253)
<u>Other Financing Sources (Uses)</u>		
Operating Transfers in	3,107,374	19,107,304
Operating Transfers out	785,000	--
Other Sources (Uses)	--	--
Total Other Financing Sources (Uses)	2,322,374	19,107,304
Net Change in Fund Balance	(788,379)	(10,694,949)
Fund Balance, July 1	39,118,342	36,147,237
Fund Balance, June 30	\$36,147,237 ⁽²⁾	\$25,452,288

(1) Budget and interim fund balances shown do not include certain funds included in the District's audited financial statements.

(2) Reflects a restatement of fund balances, resulting in a reduction of \$2,182,725.

Source: William S. Hart Union High School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve that meets or exceeds the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of three times the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA under 400,000, the limit is two times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

On October 11, 2017, the Governor signed new legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with ADA of 2,500 or less are exempt from the reserve cap. The District cannot predict if or when the reserve cap enacted by SB 751 will be triggered and what impact it may have on the District's reserves.

Funding Trends - ADA and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target.

Community Supported Districts (formerly known as Basic Aid Districts) are those whose local property tax revenues exceed the funding entitlement under the LCFF. Community Supported Districts do not receive any funds from the State appropriation, however, they do receive funds from the State for categorical and grant programs restricted to a special population or for certain purposes such as disabled students or instructional equipment. The current law in California allows these districts to keep the excess property tax revenues without penalty. The implication for Community Supported Districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Community Supported District.

Funding Trends Under LCFF. The following table sets forth total LCFF funding for the District for fiscal year 2014-15 through 2020-21 (budgeted), together with annual ADA.

AVERAGE DAILY ATTENDANCE AND FUNDING
Fiscal Years 2014-15 through 2020-21
William S. Hart Union High School District

Fiscal Year	ADA	LCFF Funding Per ADA
2014-15	21,652	\$7,495
2015-16	21,459	8,334
2016-17	21,358	8,665
2017-18	21,522	8,767
2018-19	21,359	9,756
2019-20 ⁽¹⁾	21,275	9,529
2020-21 ⁽²⁾	21,162	9,033

(1) Unaudited Actuals.

(2) Budgeted.

Source: California Department of Education; William S. Hart Union High School District.

Under LCFF, school districts are entitled to supplemental and concentration grant funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 32% for the purposes of calculation supplemental and concentration grant funding.

As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the COVID-19 emergency, cannot be predicted. The Refunding Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE REFUNDING BONDS – Disclosure Relating to COVID-19."

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and

following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State equalization aid it was entitled to.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Every Student Succeeds Act, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools and others.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's funding entitlement under the LCFF and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

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.

Other Local Revenues. In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

Charter Schools

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

There are currently three charter schools operating within the territory of the District: Santa Clarita Valley International (with a 2020-21 enrollment of 980 students), Opportunities for Learning-Santa Clarita (with a 2020-21 enrollment of 394 students) and Mission View Public (with a 2020-21 enrollment of 282 students).

The District can make no representation as to whether enrollment at such charter schools may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's ADA or finances in future years.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS 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.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014. See APPENDIX B for additional information.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years, and the budgeted contribution for fiscal year 2020-21 are set forth in the following table.

STRS Contributions
William S. Hart Union High School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2014-15	\$8,326,334
2015-16	9,984,240
2016-17	12,428,817
2017-18	15,631,260
2018-19	15,198,955
2019-20 ⁽¹⁾	17,810,453
2020-21 ⁽²⁾	17,560,706

(1) Unaudited Actuals.

(2) Budgeted.

Source: William S. Hart Union High School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required

amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$105.7 billion as of June 30, 2019 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2016-17 through 2019-20 were 12.58%, 14.43%, 16.28%, and 17.10%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2020-21 through 2022-23

Fiscal Year	Employer Contribution Rate⁽¹⁾
2020-21 ⁽²⁾	16.15%
2021-22	16.02
2022-23	18.10

(1) Expressed as a percentage of covered payroll.

(2) Reflects changes to such rates included in the State's 2020-21 Budget.

Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
William S. Hart Union High School District
Fiscal Years 2014-15 through 2020-21 (Budgeted)

Fiscal Year	Amount
2014-15	\$3,842,830
2015-16	3,867,236
2016-17	4,688,547
2017-18	5,511,512
2018-19	5,990,971
2019-20 ⁽¹⁾	7,193,161
2020-21 ⁽²⁾	8,175,918

(1) Unaudited Actuals.

(2) Budgeted.

Source: William S. Hart Union High School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$31.4 billion as of June 30, 2019 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in

fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2016-17, 2017-18, and 2018-19, and 2019-20 were 13.888%, 15.531%, 18.062%, and 19.721%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23⁽¹⁾

Fiscal Year	Employer Contribution Rate⁽²⁾
2020-21	20.700%
2021-22	22.840
2022-23	25.500

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget.

Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to

the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Recent investment losses in the PERS and STRS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

Additional Information. Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Post-Employment Retirement Benefits

Plan Description. The District's Governing Board administers the Post-Employment Benefits Plan (the "**Plan**"). The Plan is a single employer defined benefit plan that is used to provide post-employment benefits other than pensions ("**OPEB**") for eligible retirees and their spouses. Membership of the Plan consists of 165 retirees and beneficiaries currently receiving benefits and 1,906 active plan members.

Benefits Provided. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions. The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Hart District Teachers Association ("**HDTA**"), the local California Service Employees Association ("**CSEA**"), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the agreements with the District, HDTA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid \$2,211,260 in benefits.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability in the June 30, 2019, actuarial valuation was determined using certain actuarial assumptions, including among others the following:

- Discount rate: 3.50% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.
- Inflation: 2.75% per annum.
- Salary increases: 3.0% per annum, in aggregate.
- Actuarial assumptions were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2019, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
William S. Hart Union High School District

	Total OPEB Liability
Balance at June 30, 2017	\$62,216,929
Service Cost	4,775,541
Interest	2,240,153
Change of assumptions or other inputs	(491,132)
Benefit payments	<u>(2,211,260)</u>
Net changes	<u>4,313,302</u>
Balance at June 30, 2018	\$66,530,231

Source: William S. Hart Union High School District Audit Report.

OPEB Expense. For the year ended June 30, 2019, the District recognized an OPEB expense of \$7,015,694.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of Appendix B to the Official Statement.

Long-Term Indebtedness

General Obligation Bonds. The table below summarizes the outstanding general obligation bonds of the District, payable from *ad valorem* property taxes levied by the County, as of November 1, 2020, rounded to the nearest dollar.

General Obligation Indebtedness William S. Hart Union High School District

Series	Issue Date	Final Maturity	Original Principal	Outstanding November 1, 2020 ⁽¹⁾
Election of 2001, Series B	6/23/2005	9/1/2029	\$87,996,106.40	\$31,959,220.10
Election of 2008, Series A	6/10/2009	8/1/2033	75,174,766.10	33,122,733.50
Election of 2008, Series B ⁽²⁾	11/30/2011	8/1/2036	40,567,733.90	42,704,766.00
Election of 2008, Series C ⁽²⁾	2/21/2013	8/1/2038	168,280,123.00	134,735,000.00
2012 Refunding Bonds ⁽²⁾	3/07/2012	9/1/2027	48,945,000.00	35,045,000.00
2016 Refunding Bonds	6/30/2016	8/1/2025	26,735,000.00	22,825,000.00
2019 Refunding Bonds	12/19/2019	8/1/2032	22,223,580.40	23,223,580.40
TOTAL			\$469,922,309.80	\$323,615,300.00

(1) Principal or denominational amount, not including accreted interest on capital appreciation bonds.

(2) Expected to be refunded, in part, with the proceeds of the Refunding Bonds described herein.

Lease Revenue Bonds. On October 18, 2018, the William S. Hart Joint School Financing Authority issued its Lease Revenue Bonds, Series 2018 (the “**2018 Authority Bonds**”), in the original principal amount of \$21,795,000, which are secured by lease payments made by the District. The 2018 Authority Bonds were issued to finance the design, construction, renovation, improvement, furnishing, equipping, acquisition, delivery and installation of new construction and modernization projects at certain schools in the District. The average interest rate borne by the 2018 Authority Bonds is 3.72%, and the 2018 Authority Bonds mature on May 1, 2042.

Capital Leases. The District has entered into a variety of lease agreements with options to purchase for vehicles and energy management equipment for a total balance as of June 30, 2019 of \$35,699,348. The capital leases have minimum lease payments as follows:

Fiscal Year Ending June 30,	Lease Payment
2020	\$2,559,352
2021	2,564,418
2022	2,573,272
2023	2,592,150
2024	2,531,354
Thereafter	22,878,802
Total	35,699,348
Less amount representing interest	9,494,287
Present value of minimum lease payments	\$26,205,061

Leased equipment under capital leases in capital assets at June 30, 2019, includes the following:

Construction in Progress	\$12,261,187
Buildings	9,882,524
Equipment	1,053,472
Less: Accumulated Depreciation	(724,263)
Total	<hr/> \$22,472,920

Risk Management – Joint Ventures

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of \$250 million, subject to Member Retained Limits ranging from \$1,000 to \$10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage up to \$25 million per occurrence and \$25 million aggregate, all subject to a \$10,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to \$1,000,000 per occurrence with excess coverage up to \$10,000,000.

See Note 13 in the audited financial statements attached to the Official Statement as APPENDIX B.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Los Angeles County Treasurer-Tax Collector (the “**Treasurer**”) manages funds deposited with it by the District. Los Angeles County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G for a summary of Los Angeles County’s Pooled Surplus Investments.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see “– Funding of Education Generally” above). State funds typically make up the majority of a district’s LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the monies to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

As described below in the summaries of State budgeting documents and commentary of the LAO and the State Department of Finance, the COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by

the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State budget (the “**State Budget**”) is available through several State of California sources. A convenient source of information is the State’s website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading “Bond Information”, posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.
- The California State Treasurer’s Office Internet home page at www.treasurer.ca.gov, under the heading “Financial Information”, posts the State’s audited financial statements. In addition, the Financial Information section includes the State’s Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State’s most current Official Statement, which discusses the State budget and its impact on school districts.
- The California Department of Finance’s Internet home page at www.dof.ca.gov, under the heading “California Budget”, includes the text of proposed and adopted State budgets.
- The State Legislative Analyst’s Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst’s Internet home page at www.lao.ca.gov under the heading “Subject Area – Budget (State)”.

Prior Years’ Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic and subsequent economic recession, budget-cutting strategies such as those used in recent years are being used and may continue to be used in the future during a period of budgetary

strain.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2020-21 State Budget

The Governor signed the fiscal year 2020-21 State Budget (the "**2020-21 State Budget**") on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing \$1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor's proposed 2020-21 State Budget in January, the State was projecting a surplus of \$5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of \$54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State's resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of \$8.7 billion in 2021-22, after accounting for reserves.

Closing the Budget Gap. The 2020-21 State Budget uses the following strategies to close the budget gap:

- Reserve Draw Down: Draws down \$8.8 billion in reserves, including from the State's Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account.
- Triggers: Includes \$11.1 billion in funding reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored. The trigger includes \$6.6 billion in deferred funding for schools.
- Federal Funds: Relies on \$10.1 billion in federal funds that provide State general fund relief, including \$8.1 billion already received.
- Revenues: Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year. These

short-term limitations will generate \$4.4 billion in new revenues in the 2020-21 fiscal year.

- Borrowing/Transfers/Deferrals: Relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.
- Other Solutions: Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

General Budget Highlights. Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

- Responding to COVID-19: The State expects to receive over \$72 billion in federal assistance to State programs, of which unemployment insurance represents about \$52 billion of this total. Under the CARES Act, the State received \$9.5 billion for various uses including \$4.4 billion to mitigate K-14 learning loss. The amount of \$5.9 million of General Fund spending for 2020-21 and \$4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.
- Enhancements to Emergency Responses and Preparedness: \$117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.
- Forestry and Fire Protection: \$90 million is allocated to enhance CAL FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net \$4.3 billion in 2020-21, \$3.1 billion in 2021-22 and \$1.3 billion in 2022-23, include:

- Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.
- Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.
- Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits,

and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, \$100 million budgeted for the State's small business loan program, \$25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of \$758,000 ongoing for positions relating to small business support.

Housing. Up to \$500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides \$331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and \$8.3 billion across multiple departments and programs to address housing throughout the State.

K-12 Education Funding Summary. For K-12 education funding, the 2020-21 State Budget provides for funding under Proposition 98 of \$70.9 billion, which is more than \$10 billion below the minimum guarantee contained in the State's 2019-20 budget. For K-12 schools, this results in Proposition 98 per pupil spending of \$10,654 in 2020-21, which is a \$1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all State, federal, and local sources decreased by approximately \$542 per pupil to \$16,881.

Efforts to mitigate the impact of the decline in K-12 funding in the 2020-21 State Budget include:

Deferrals: \$1.9 billion of LCFF apportionment deferrals in 2019-20, growing to \$11 billion LCFF apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels in both fiscal years. The statutory LCFF cost-of-living adjustment is suspended in 2020-21. Of the total deferrals, \$5.8 billion will be triggered off in 2020-21 if the federal funding becomes available.

Learning Loss Mitigation: A one-time investment of \$5.3 billion (\$4.4 billion federal Coronavirus Relief Fund, \$539.9 million Proposition 98 General Fund, and \$355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures. Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs.

Supplemental Appropriations: In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level by a total of approximately \$12.4 billion. To accelerate the recovery from this funding reduction, the 2020-21 State Budget provides supplemental appropriations above the constitutionally-required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5 percent of State general fund revenues per year, up to a cumulative total of \$12.4 billion.

Revised PERS and STRS Contributions. To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded

liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41 percent to approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The PERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

Federal Funds. The 2020-21 State Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds that the State was recently awarded. Of this amount, 90 percent (\$1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs. The remaining 10 percent (\$164.7 million) is available for certain COVID-19 related State-level activities, such as providing additional funding for student meals and social services.

Special Education. The 2020-21 State Budget increases special education base rates to \$625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides \$100 million to increase funding for students with low-incidence disabilities. Additional federal funding received by the State is also allocated to various special education programs.

Average Daily Attendance. To ensure funding stability regardless of the instructional model undertaken in the 2020-21 academic year, the 2020-21 State Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies and includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

In addition, the 2020-21 State Budget includes certain employee protection terms to ensure the continuity of employment for essential school staff during the COVID-19 pandemic. As such, the 2020-21 State Budget includes the suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff, and the suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. The 2020-21 State Budget also includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2020-21 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The current State budget is expected to be impacted by the COVID-19 emergency described herein. The District cannot predict the impact that the 2020-21 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the owners of the Obligations to provide State budget information to the District or the owners of the Obligations. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2020-21 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Obligations.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Debt service on the Bonds is payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the monies to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

Article XIII B (“**Article XIII B**”) of the State Constitution, 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. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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 legislature, (f) appropriations derived from

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B 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. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIII B 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 under Section 8.5 of Article XVI of the State Constitution.

Unitary 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 ("**unitary property**"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIII C and XIII D of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) 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; (2) 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; (3) 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; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) 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; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. 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.

Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While 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), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters 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 changes 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 general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the 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 changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount

would, instead of being returned to taxpayers, be transferred to K-14 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 would automatically be increased by the amount of such transfer. These additional monies 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 XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIII B 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:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B 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.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B 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. Also, 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.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B 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.

Recalculation of Appropriations Limit. The Article XIII B 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 1990-91 as if Proposition 111 had been in effect.

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 (1) 40.9% of State general fund revenues (the “**first test**”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) 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 (the “**third test**”). 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 which 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 (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. Constitutional amendments may be changed only with another statewide vote. 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 Proposition 39 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. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) 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; (2) 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 (3) 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 places 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 an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. 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.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. 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 amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "**Proposition 30**"), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed 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 imposed 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. This excise tax was 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 December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income tax rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Proposition 98” and “Proposition 111” above. From an accounting perspective, the revenues generated from the temporary tax increases will be 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 will be allocated quarterly, with 89% of such funds provided to schools 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 monies 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.

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales or excise tax increases of Proposition 30.

California Senate Bill 222

Senate Bill 222 (“**SB 222**”) was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under 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

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF SANTA CLARITA AND THE COUNTY OF LOS ANGELES

The following information is included only for the purpose of supplying general information regarding the City of Santa Clarita and the County of Los Angeles. This information is provided only for general informational purposes, and provides prospective investors limited information about the area in and around the District and its economic base. It should not be inferred from the inclusion of this information in this Official Statement that debt service on the Bonds is payable from any sources other than ad valorem property taxes pledged therefor. See "SECURITY FOR THE REFUNDING BONDS."

The economic and demographic data contained in this Appendix are the latest available, but are generally as of dates and for periods before the economic impact of the COVID-19 pandemic and the measures instituted to slow it. Accordingly, they are not necessarily indicative of the current financial condition or future economic prospects of the District, the City, the County or the region.

General Information

The School District is located in the Santa Clarita Valley area of northern Los Angeles County. The area is composed of seven communities: Canyon Country, Newhall, Saugus and Valencia, which are located in the city limits of the City, and the unincorporated communities of Castaic, Stevenson Ranch and Val Verde. These communities are briefly described below.

The City. The City of Santa Clarita (the "**City**") was officially incorporated as a general law city on December 15, 1987 after a ballot measure was passed by the City's residents. The City operates under a council-manager form of government and provides, either directly or under contract with the County, a full range of municipal services including public safety, public works, parks and recreation and community development.

Canyon Country is the City's most populous community, and also features some industrial uses and several neighborhood shopping plazas.

Newhall represents the area's oldest established community, dating to its founding in 1876 along a key rail line. Newhall is an older diverse residential area with significant commercial and restaurant uses. The Newhall area has served as the locale for Disney Movie Ranch, Gene Autry's Melody Ranch, a park and nature center, and film star William S. Hart's former ranch, now a museum.

Saugus owes its existence to the Southern Pacific Railroad Line and was the home of an original railroad station. Saugus is a mix of new residential areas amid established neighborhoods, with additional commercial and retail centers.

Valencia is a master-planned community, developed by the Newhall Land and Farming Company. Based on the Valencia Master Plan, this community features a balance of business and residential land uses. Valencia includes park-like neighborhoods, golf courses and lighted landscaped walkways connecting homes, schools, shopping and recreational facilities, including Six Flags Magic Mountain.

Castaic is one of Santa Clarita Valley's major recreation area, with its lake serving as the center of the area's swimming, sailing, fishing, boating and water skiing. Because of its proximity to the San Joaquin Valley, this community is also a connection point in the north-south trucking network.

Stevenson Ranch is a newer community, located west of the City. It has both residential and commercial uses.

Val Verde is a small rural resort area in the hilly northwestern portion of the Santa Clarita Valley, adjacent to Ventura County.

Newhall Ranch is an area that encompasses some 12,000 acres west of Valencia, which is being develop by the Newhall Land and Farming Company. The Newhall Ranch Specific Plan permits 21,600 homes, 1,000 acres of commercial, business park and mixed use development, with approximately 6,200 acres of open space.

The County. Located along the southern coast of California, Los Angeles County covers about 4,083 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county cover about 1,344 square miles or 27% of the total county. About 16% of the land in the County is devoted to residential use and over two thirds of the land is open space and vacant.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES POPULATION ESTIMATES

Area	2016	2017	2018	2019	2020
City of Santa Clarita	208,550	212,375	212,378	218,103	221,932
Los Angeles County	10,180,169	10,231,271	10,254,658	10,253,716	10,172,951
State of California	39,179,627	39,500,973	39,740,508	39,927,315	39,782,870

Source: State of California, Department of Finance, as of January 1.

Employment and Industry

The seasonally adjusted unemployment rate in the County decreased over the month at 15.1% in September 2020, from a revised 16.4% in August 2020 and was above the rate of 4.3% one year ago. Civilian employment increased by 43,000 to 4,171,000 in September 2020, while unemployment declined by 65,000 to 743,000 over the month. The civilian labor force decreased by 21,000 over the month to 4,915,000 in September 2020. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 15.1% in September 2020.

The California seasonally adjusted unemployment rate was 11.0% in September 2020, 11.2% in August 2020, and 3.9% a year ago in September 2019. The comparable estimates for the nation were 7.9% in September 2020, 8.4% in August 2020, and 3.5% a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available.

**LOS ANGELES-LONG BEACH-GLENDALE MD
(LOS ANGELES COUNTY)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2019 Benchmark)**

	2015	2016	2017	2018	2019
Civilian Labor Force	4,989,800	5,041,400	5,096,500	5,136,300	5,121,600
Employment	4,659,700	4,776,700	4,853,800	4,896,500	4,894,300
Unemployment	330,100	264,800	242,700	239,800	227,300
Unemployment Rate	6.6%	5.3%	4.8%	4.7%	4.4%
<u>Wage and Salary Employment:</u> ⁽¹⁾					
Agriculture	5,000	5,300	5,700	4,800	4,500
Mining and Logging	2,900	2,400	2,000	1,900	1,900
Construction	126,100	133,900	138,400	146,000	149,300
Manufacturing	368,200	360,800	349,900	343,700	339,200
Wholesale Trade	222,400	222,100	221,500	222,800	220,500
Retail Trade	422,200	424,600	426,100	425,300	417,300
Trans., Warehousing, Utilities	177,600	188,900	198,200	202,800	213,800
Information	207,600	229,400	214,900	217,400	217,300
Financial and Insurance	135,600	138,100	137,500	137,100	135,500
Real Estate, Rental & Leasing	80,000	81,700	84,100	85,900	88,400
Professional and Business Services	591,000	600,100	608,800	620,000	642,800
Educational and Health Services	745,900	772,700	800,600	823,600	843,600
Leisure and Hospitality	486,600	510,000	524,600	534,300	544,700
Other Services	151,000	153,300	155,700	159,700	158,400
Federal Government	47,400	47,700	48,000	47,300	47,400
State Government	87,400	89,900	92,500	91,900	92,500
Local Government	433,700	439,100	445,600	450,400	454,300
Total All Industries ⁽²⁾	4,290,700	4,399,900	4,454,000	4,514,900	4,571,400

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) May not add due to rounding.

Source: State of California Employment Development Department.

Employment

The following table lists the largest manufacturing and non-manufacturing employers within the County as of October 2020, in alphabetical order.

LOS ANGELES COUNTY Largest Employers October 2020

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
All Nations Church	Sylmar	Churches
Cedar-Sinai Medical Ctr	West Hollywood	Hospitals
Infineon Technologies Americas	El Segundo	Semiconductor Devices (mfrs)
JET Propulsion Laboratory	Pasadena	Research Service
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
La County Office of Education	Downey	Educational Service-Business
LAC & USC Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	Government Offices-City/Village & Twp
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
National Institutes of Health	Pasadena	Physicians & Surgeons
Northrop Grumman	Whittier	Engineers
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
Space Exploration Tech Corp	Hawthorne	Aerospace Industries (mfrs)
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Ca Los Angeles	Los Angeles	University-College Dept/Facility/Office
Vxi Global Solutions	Los Angeles	Call Centers
Walt Disney Co	Burbank	Water Parks
Water Garden Management	Santa Monica	Office Buildings & Parks

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 2nd Edition.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2020 in the City were reported to be \$748,587,301, a 2.85% decrease over the total taxable sales of \$770,516,695 reported during the first quarter of calendar year 2019. Annual figures for calendar year 2020 are not yet available.

CITY OF SANTA CLARITA Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2015 ⁽¹⁾	4,627	\$2,530,272	7,008	\$3,096,583
2016	4,570	2,533,678	7,009	3,151,492
2017	4,616	2,647,224	7,093	3,238,132
2018	4,719	2,651,501	7,484	3,250,142
2019	4,901	2,644,024	7,829	3,269,988

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for years 2017-18 and 2018-19.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2020 in the County were reported to be \$34,297,737,239, a 12.67% decrease over the total taxable sales of \$39,275,800,568 reported during the first quarter of calendar year 2019. Annual figures for calendar year 2020 are not yet available.

COUNTY OF LOS ANGELES Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2015 ⁽¹⁾	112,657	\$197,147,021	310,063	\$151,033,781
2016	196,929	109,997,043	311,295	154,208,333
2017	197,452	113,280,347	313,226	159,259,356
2018	200,603	119,145,054	328,047	166,023,796
2019	206,732	122,137,664	342,359	179,776,327

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for years 2017-18 and 2018-19.

Construction Trends

Provided below are the building permits and valuations for the City and the County for the past five calendar years, 2015 through 2019.

CITY OF SANTA CLARITA Total Building Permit Valuations (Dollars in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$106,305.0	\$131,237.4	\$145,927.1	\$130,231.2	\$97,788.7
New Multi-family	24,936.0	11,202.3	22,421.9	13,774.3	89,118.5
Res. Alterations/Additions	<u>10,861.7</u>	<u>10,518.5</u>	<u>6,559.2</u>	<u>12,046.6</u>	<u>11,165.8</u>
Total Residential	142,102.7	152,958.2	174,908.2	156,052.1	186,907.2
New Commercial	12,021.7	10,666.6	53,705.4	23,216.2	70,610.5
New Industrial	0.0	0.0	0.0	2,379.9	0.0
New Other	11,427.6	30,798.4	14,010.5	27,805.2	19,140.1
Com. Alterations/Additions	<u>37,326.2</u>	<u>56,826.1</u>	<u>36,609.2</u>	<u>26,876.0</u>	<u>30,864.0</u>
Total Nonresidential	60,775.5	98,291.1	104,325.1	80,277.3	120,614.6
<u>New Dwelling Units</u>					
Single Family	320	401	413	339	249
Multiple Family	<u>111</u>	<u>52</u>	<u>139</u>	<u>68</u>	<u>557</u>
TOTAL	431	453	552	407	806

Source: Construction Industry Research Board, Building Permit Summary.

LOS ANGELES COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$1,897,829.7	\$2,162,018.2	\$2,352,614.8	\$2,277,101.5	\$1,967,219.3
New Multi-family	2,843,749.2	2,774,294.3	3,257,833.4	3,222,530.3	2,961,257.4
Res. Alterations/Additions	<u>1,641,457.3</u>	<u>1,639,294.3</u>	<u>1,757,904.1</u>	<u>1,941,369.5</u>	<u>1,625,839.3</u>
Total Residential	6,383,036.1	6,575,607.5	7,368,352.3	7,441,001.3	6,554,316.0
New Commercial	1,695,869.8	1,728,443.4	2,196,089.2	2,844,173.0	\$2,785,678.8
New Industrial	85,937.1	138,408.6	134,534.3	101,201.3	63,727.8
New Other	1,157,838.0	791,078.1	563,679.3	952,347.7	446,182.7
Com. Alterations/Additions	<u>2,705,727.5</u>	<u>2,880,916.6</u>	<u>3,143,200.2</u>	<u>2,796,375.3</u>	<u>3,404,012.4</u>
Total Nonresidential	5,645,372.4	5,538,846.7	6,037,503.0	6,694,097.3	6,699,601.7
<u>New Dwelling Units</u>					
Single Family	4,487	4,780	5,456	6,070	5,738
Multiple Family	<u>18,405</u>	<u>15,589</u>	<u>17,023</u>	<u>17,152</u>	<u>15,884</u>
TOTAL	22,892	20,369	22,479	23,222	21,622

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2016 through 2020.

CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND THE UNITED STATES Effective Buying Income 2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	City of Santa Clarita	\$5,395,573	\$70,101
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Santa Clarita	\$5,709,673	\$72,551
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Santa Clarita	\$6,112,241	\$77,800
	Los Angeles County	261,119,300	54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Santa Clarita	\$6,410,854	\$79,881
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Santa Clarita	\$6,548,082	\$82,709
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 through 2020.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Refunding Bonds, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel to the William S. Hart Union High School District, proposes to render their final approving opinion with respect to the Refunding Bonds in substantially the following form:

[Closing Date]

Governing Board of the
William S. Hart Union High School District
21380 Centre Pointe Parkway
Santa Clarita, CA 91350

Re: \$_____ William S. Hart Union High School District
 2020 General Obligation Refunding Bonds (Federally Taxable)
 Final Opinion

Ladies and Gentlemen:

We have acted as Bond Counsel for the William S. Hart Union High School District ("District") in connection with the proceedings for the issuance and sale by the District of \$_____ principal amount of William S. Hart Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable) ("Bonds"). The Bonds are being issued pursuant to the Resolution of Issuance of the Governing Board of the District, adopted on November 18, 2020 (Resolution No. _____) ("Bond Resolution"), and in accordance with the statutory authority set forth in Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and related California law. The Bonds are being issued to refund certain outstanding general obligation bonds of the District and to pay certain costs of issuance of the Bonds.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District, the County of Los Angeles ("County"), and the purchaser of the Bonds, including certificates as to factual matters as we have deemed necessary to render this opinion.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District, or the County, other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The opinions expressed 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 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. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their execution and delivery, and we disclaim any obligation to update this letter. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

Based on the foregoing, we are of the following opinions:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property in the territory of the District is subject to *ad valorem* property taxation without limitation as to rate or amount (except as to certain classes of personal property which is taxable at limited rates) to pay the Bonds. The County is required by law to include in their respective annual tax levies the principal and interest coming due on the Bonds to the extent necessary funds are not provided from other sources.
3. Interest on the Bonds is exempt from State personal income taxes. We provide no opinion as to any federal income tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The opinion provided herein by us in our role as Bond Counsel with respect to the Bonds is not intended or written by us to be used, and it cannot be used, by any purchaser or owners of such Bonds for the purpose of avoiding penalties that may be imposed on such purchaser or owner. The opinion provided in this paragraph is not provided to support the promotion or marketing of the Bonds. Purchasers or owners of the Bonds should seek advice based on their particular circumstances from an independent tax advisor concerning the federal tax consequences of the ownership of such Bonds.

We express no opinion(s) as to any matter other than as expressly set forth above. We specifically express no opinion with regard to "Blue Sky" laws in connection with the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies, to the application of equitable principles heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California.

Very truly yours,

ATKINSON, ANDELSON, LOYA, RUUD &
ROMO

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
2020 General Obligation Refunding Bonds
(FEDERALLY TAXABLE)
(Los Angeles County, California)

Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the William S. Hart Union High School District (the “District”) in connection with the issuance of the general obligation refunding bonds captioned above (the “Bonds”). The Bonds are being issued under a resolution adopted by the Governing Board of the District on November 18, 2020 (the “Bond Resolution”). U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer-Tax Collector of Los Angeles County, is initially acting as paying agent for the Bonds (the “**Paying Agent**”). The District covenants and agrees as follows:

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

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

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

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

“*Dissemination Agent*” means initially Key Analytics, a division of California Financial Services, or any other third party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

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

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

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

“Paying Agent” means U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer-Tax Collector of Los Angeles County, or any successor thereto.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing no later than March 31, 2021 with the report for the 2019-20 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. 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; 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(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice of failure to file.

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

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

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report shall contain information showing:

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

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

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

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

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

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

(viii) the top twenty secured property taxpayers within the District for the preceding fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material 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. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or paying agent, or the change of name of a trustee or paying agent, if material.
- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) If a Listed Event occurs, and, if the Listed Event is described in subsections (a)(2), (a)(6) (other than adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a notice of Proposed Issuance (IRS Form 5701 TEB) with respect to the Bonds), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) or (a)(15) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above

need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

(c) 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.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule, and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

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

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(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 Key Analytics, a division of California Financial Services. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

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

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the

requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

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

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

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

liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Date: _____, 2020

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT

By: _____
Superintendent

AGREED AND ACCEPTED:
Key Analytics, a division of
California Financial Services,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the 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 District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds, (b) Bonds 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 (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as

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

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

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond 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 District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Treasury Pool (the **"Treasury Pool"**) has been provided by the County Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy.

The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the 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 Treasury Pool will not vary significantly from the values described herein.

Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation 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. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at <https://ttc.lacounty.gov/monthly-reports/>; however, the information presented on such website is not incorporated herein by any reference.