

# **BOARD AGENDA**

**Special Meeting/Study Session**

**June 10, 2021**



**SPECIAL MEETING/STUDY SESSION  
OF THE BOARD OF EDUCATION**

**June 10, 2021**

**5:00 PM**

Pursuant to Government Code Section 54956 and Education Code Section 35144, the Special Meeting/Study Session of the Board of Education will be held on June 10, 2021, to conduct its business meeting at the Education Center 11321 Bullis Road, Board Room B-105, B-106, Lynwood, California, 90262. There will be no closed session.

**A G E N D A**

**1. IMPORTANT ADVISORY REGARDING PUBLIC MEETING (COVID-19)**

This meeting will be conducted in accordance with the most recently issued and amended Blueprint for a Safer Economy of the State of California and the County of Los Angeles Department of Public Health Order related to Reopening Safer at Work and in the Community for Control of COVID-19.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, including auxiliary aids or services, please contact the Superintendent's Office at 310-886-1602. Notification at least 12 hours prior to the meeting will enable the District to make reasonable arrangements to provide accessibility to the Board meeting.

The public has the opportunity to address the Board on any item of interest within the Board's subject matter jurisdiction and any item appearing on the agenda. Public comment can be provided in person subject to the County of Los Angeles Department of Public Health Order related to COVID-19 safety measures. Public comment can also be provided electronically through a temporary public comment email established for Lynwood Unified School District Board of Education Meetings at [boardcomm@mylUSD.org](mailto:boardcomm@mylUSD.org).

All public comments are governed by Board Bylaw 9323. Each speaker is limited to 3 minutes and will be given the opportunity to address the Board in the order that the request to speak is received. If translation services are required, an additional one (1) minute will be allotted. The Board of Education has determined that a cumulative total of 20 minutes is a reasonable amount of time for public comment.

Those who have a group concern are encouraged to select a spokesperson to address the Board. A copy of the full agenda is available for view at the Reception Desk area of the district office at 11321 Bullis Rd., Lynwood, California, 90262. Also, at the district web site [www.lynwood.k12.ca.us](http://www.lynwood.k12.ca.us).

**PLEASE SUBMIT PUBLIC COMMENT FORMS PRIOR TO START OF MEETING**

Persons wishing to address the Board are asked to fill out a **Public Comment Form** located at the sign-in area, and submit the completed form to the administrative assistant **prior to the start of the meeting.**

**Instructions for Public Comments Submitted Electronically:**

The public may submit public comments electronically through a temporary public comment email established for Lynwood Unified School District Board of Education Meetings at [boardcomm@mylUSD.org](mailto:boardcomm@mylUSD.org). Electronic public comments must be submitted by **2:00 p.m. on Thursday, June 10, 2021.**

Any public comments received via email after the time indicated will not be included in the record.

Comments submitted by email and read during meetings are governed by Board Bylaw 9323. Each comment received is limited to 3 minutes and will be read in the order that the email is received.

Please include the following in your email:

- 1.) Full Name
- 2.) Address
- 3.) Phone Number
- 4.) Board Meeting Date
- 5.) Subject: Public Comment
- 6.) Agenda Item/Topic

## **2. CALL TO ORDER**

### **3. ROLL CALL** by Gudiel R. Crosthwaite, Ph.D. – Superintendent & Secretary to the Board

Mrs. Maria G. Lopez, President  
Mr. Alfonso Morales, Esq., Vice President  
Dr. Alma Carina Castro, Clerk  
Mr. Gary Hardie, Jr., Member  
Mr. Julián Del Real-Calleros, Member  
Legal Counsel – Olivarez Madruga Lemieux O'Neill, LLP

### **4. APPROVAL OF AGENDA OF THE SPECIAL MEETING/STUDY SESSION OF THE BOARD OF EDUCATION ON JUNE 10, 2021**

Motion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

## **5. FLAG SALUTE**

### **6. PUBLIC COMMENT/COMMUNICATIONS**

*No action or discussion is permitted on any item not included on the posted agenda per GC § 54954.2 (a).  
No action may be taken and no discussion held on items raised by the public except as provided in GC § 54954.2 (b).*

Public comment will be conducted as outlined under Item No. 1: Important Advisory Regarding Public Meeting (COVID-19).

## **7. GOVERNING BOARD**

- 7.A. Board Priorities
- 7.B. Board-Superintendent Communication Protocols
- 7.C. Digital Equity
- 7.D. Budget
- 7.E. Facilities

## **8. INFORMATIONAL ITEM**

- 8.A. INFORMATIONAL ITEM ONLY: Review of Resolution No. 20-21/44 - a Resolution of the Board of Education of the Lynwood Unified School District, Los Angeles County, California, Authorizing the Issuance of Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series E, and Actions Related Thereto

## **9. ADJOURNMENT**

# **INFORMATIONAL ITEM**

SPECIAL MEETING/STUDY SESSION OF THE BOARD OF EDUCATION

Thursday, June 10, 2021

Education Center 11321 Bullis Road, Board Room B-105, B-106, Lynwood, California, 90262

**8.A. INFORMATIONAL ITEM ONLY: Review of Resolution No. 20-21/44 - a Resolution of the Board of Education of the Lynwood Unified School District, Los Angeles County, California, Authorizing the Issuance of Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series E, and Actions Related Thereto**

**Rationale:**

**BACKGROUND**

An election was held in the Lynwood Unified School District (the "District") on November 6, 2012 to authorize the issuance and sale of general obligation bonds of the District for various purposes in the maximum amount of \$93,000,000 (the "Measure K"). The District has previously issued five series of general obligation bonds under Measure K. The District now desires to issue the sixth series of bonds under Measure K in a principal amount not-to-exceed \$35,000,000 (the "Bonds"). The District proposes the issuance of Bonds that include current interest bonds, as well as capital appreciation bonds (i.e. bonds that allow for the compounding of interest). The Bonds are being authorized for sale for the purpose of providing funds to finance projects approved by Measure K and to pay the costs of issuing the Bonds.

Pursuant to Education Code Section 15146(b)(2), the Resolution and materials included in this agenda item are to first be publicly noticed as an information item at this June 10, 2021 Board meeting. At the Board's next consecutive meeting, currently scheduled for June 24, 2021, the attached Resolution and materials will be publicly noticed as an action item for consideration by the Board.

(a) Bond Resolution. The Resolution authorizes the issuance of the Bonds, specifies the basic terms, parameters and forms of the Bonds, and approves the form of Purchase Contract and form of Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate initial principal amount of the Bonds to be issued (\$35,000,000). Section 4 of the Resolution states the maximum underwriter's discount (0.8%) with respect to the Bonds and the maximum legal interest rate on the Bonds, and authorizes the Bonds to be sold at a negotiated sale to Stifel, Nicolaus & Company, Incorporated, as the underwriter (the "Underwriter").

(b) Form of Purchase Contract. The Resolution approves the form of the Purchase Contract. Pursuant to the Purchase Contract, the Underwriter will agree to buy the Bonds from the District. All the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) Form of Preliminary Official Statement. The Resolution approves the form of the Preliminary Official Statement (the "POS"). The POS is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the ad valorem property tax levy), (v) information with respect to the District's tax base (upon which such ad valorem property taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of material litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

SPECIAL MEETING/STUDY SESSION OF THE BOARD OF EDUCATION

Thursday, June 10, 2021

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**8.A. INFORMATIONAL ITEM ONLY: Review of Resolution No. 20-21/44 - a Resolution of the Board of Education of the Lynwood Unified School District, Los Angeles County, California, Authorizing the Issuance of Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series E, and Actions Related Thereto (*Continued*)**

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure from any public agency issuing debt a covenant that such public agency will annually file "material financial information and operating data" with respect to such public agency through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (a federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligations). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed such information in connection with prior bond issuances. The purpose of the law is to provide investors in the Bonds with current information regarding the District. Similar laws have governed the corporate debt market for many years.

(e) Requirements of Education Code Section 15146(b) and 15146(c). In satisfaction of Education Code Sections 15146(b) and 15146(c), appended to the Resolution is an information item ("Exhibit B") containing the following information provided by Mission Trail Advisors LLC, the municipal advisor to the District: approximations of the financing term of the Bonds; time of maturity of the Bonds; repayment ratio of the Bonds; estimated change in assessed value of taxable property within the District over the term of the Bonds; an analysis containing the total overall cost of the capital appreciation bonds expected to be issued; a comparison between the overall cost of the capital appreciation bonds expected to be issued and the overall cost of current interest bonds; and the reason that capital appreciation bonds are being recommended. Additionally, a copy of the disclosure made by the Underwriter in compliance with Rule G-17 adopted by the MSRB is included in Exhibit B to the Resolution.

**Financial Impact:**

There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

**Recommended Motion:**

**INFORMATIONAL ITEM ONLY**

**Attachments:**

- 1.) Resolution No. 20-21/44 - 2012 General Obligation Bonds Series E
- 2.) Preliminary Official Statement 2012 General Obligation Bonds Series E
- 3.) Purchase Contract 2012 General Obligation Bonds Series E

# **Attachment No. 1**

**Resolution No. 20-21/44 -  
2012 General Obligation Bonds Series E**

**RESOLUTION NO. 20-21/44**

**A RESOLUTION OF THE BOARD OF EDUCATION OF THE LYNWOOD  
UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA,  
AUTHORIZING THE ISSUANCE OF LYNWOOD UNIFIED SCHOOL  
DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2012  
GENERAL OBLIGATION BONDS, SERIES E, AND ACTIONS RELATED  
THERE TO)**

**WHEREAS**, a duly called municipal election was held in the Lynwood Unified School District (the “District”), Los Angeles County (the “County”), State of California, on November 6, 2012 (the “Election”) and thereafter canvassed pursuant to law;

**WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$93,000,000, payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “Authorization”);

**WHEREAS**, pursuant to the Authorization, on February 12, 2013, the District caused the issuance of the first series of bonds under the Authorization in an aggregate principal amount of \$16,500,000, styled as “Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series A”;

**WHEREAS**, pursuant to the Authorization, on July 31, 2014, the District caused the issuance of the second series of bonds under the Authorization in an aggregate principal amount of \$10,655,000, styled as “Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series B”;

**WHEREAS**, pursuant to the Authorization, on May 5, 2016, the District caused the issuance of the third series of bonds under the Authorization in an aggregate principal amount of \$9,610,000, styled as “Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series C”;

**WHEREAS**, pursuant to the Authorization, on August 3, 2017, the District caused the issuance of the fourth series of bonds under the Authorization in an aggregate principal amount of \$8,863,700.65, styled as “Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series D-1 (Federally Tax-Exempt)”;

**WHEREAS**, pursuant to the Authorization, on August 3, 2017, the District also caused the issuance of the fifth series of bonds under the Authorization in an aggregate principal amount of \$715,000, styled as “Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series D-2 (Federally Taxable)”;

**WHEREAS**, at this time this Board of Education (the “Board”) has determined that it is necessary and desirable to issue the sixth series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$35,000,000, and to be styled as “Lynwood Unified School District (Los Angeles

County, California) Election of 2012 General Obligation Bonds, Series E" (the "Bonds") for the purposes set forth in the Authorization;

**WHEREAS**, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), the Bonds are authorized to be issued by the District;

**WHEREAS**, the Board of Supervisors of the County is expected to adopt a resolution pursuant to Education Code Section 15140(b) that will provide that the District may sell the Bonds on its own behalf and such sale is contingent thereon;

**WHEREAS**, this Board desires to authorize the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, to be issued in one or more Series of Taxable Bonds or Tax-Exempt Bonds (as such terms are defined herein);

**WHEREAS**, the District has not filed with nor received from the County Office of Education having jurisdiction over the District a qualified or negative certification in its most recent interim financial report pursuant to Education Code Section 42131;

**WHEREAS**, pursuant to Government Code Section 5852.1, this Board has obtained from the Municipal Advisor (as defined herein) and disclosed herein, in a meeting open to the public, prior to authorization of the execution and delivery of the Bonds, good faith estimates of (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments to be evidenced by the Bonds calculated to the final payment date evidenced by the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds;

**WHEREAS**, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

**WHEREAS**, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law;

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF EDUCATION OF THE LYNWOOD UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:**

**SECTION 1. Authorization for Issuance of the Bonds.** To raise money for the purposes authorized by the voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds pursuant to the Act in one or more Series of Taxable Bonds or Tax-Exempt Bonds, with appropriate designation if more than one series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as set forth in the fully executed Purchase Contract (as defined herein). The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (defined herein), shall be payable upon such terms and provisions as shall be set forth in the Bonds, and shall be in an aggregate principal amount not-to-exceed \$35,000,000.

**SECTION 2. Paying Agent.** This Board hereby appoints the Paying Agent, as defined herein, to serve as the paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Education Code Section 15232.

**SECTION 3. Terms and Conditions of Sale.** The Bonds shall be sold upon the direction of the Superintendent or the Chief Business Official of the District, or such other officers or employees of the District as the Superintendent or the Chief Business Official may designate (collectively, the "Authorized Officers"), and pursuant to the terms and conditions set forth in the Purchase Contract. The Board hereby authorizes the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter (as defined herein) to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

**SECTION 4. Approval of Purchase Contract.** The form of contract for purchase and sale of the Bonds (the "Purchase Contract") by and between the District and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed to execute such Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, (i) that the maximum interest rate on the Bonds shall not exceed the maximum rate permitted by law and (ii) the underwriting discount thereon, excluding original issue discount and expenses of the Underwriter, shall not exceed 0.80% of the aggregate principal amount of any Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$35,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

**SECTION 5. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Accreted Interest"** means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) **"Accretion Rate"** means, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1, commencing on February 1, 2022 (unless otherwise provided for in the Purchase Contract), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) **"Accreted Value"** means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds through to the Conversion

Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on February 1, 2022 (unless otherwise provided for in the Purchase Contract), at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(d) **“Beneficial Owner”** means, when used with reference to book-entry Bonds registered pursuant to Section 6 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

(e) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds.

(f) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing February 1, 2022 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

(g) **“Bond Register”** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(h) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing on February 1, 2022 (unless otherwise provided in the Purchase Contract) to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement or Purchase Contract, as the case may be.

(i) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(j) **“Continuing Disclosure Certificate”** means that certain contractual undertaking in connection with the Bonds, executed by the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, dated as of the date of issuance of the Bonds, as amended from time to time in accordance with the provisions thereof.

(k) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear interest on a current, periodic basis.

(l) **“Conversion Value”** means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.

(m) **“Convertible Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table Accreted Values for the Bonds in the Official Statement or Purchase Contract, as the case may be, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually thereafter on each Bond Payment Date.

(n) **“Current Interest Bonds”** means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified therefor, and maturing in the years and amounts set forth in the Purchase Contract.

(o) **“Dated Date”** means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Purchase Contract or Official Statement.

(p) **“Denominational Amount”** means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond.

(q) **“Depository”** means the entity acting as securities depository for the Bonds pursuant to Section 6(c) hereof.

(r) **“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.

(s) **“Holder” or “Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 8 hereof.

(t) **“Information Services”** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

(u) **“Long Current Interest Bonds”** means Current Interest Bonds that mature more than 30 years from the date of issuance thereof.

(v) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

(w) **“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successor and assigns or, if such corporation shall be dissolved or liquidated or no longer shall perform the functions of a securities rating agency, such other nationally recognized securities rating agency as may be designated by the District.

(x) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(y) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 17 hereof.

(z) **“Outstanding”** means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Bonds canceled at or prior to such date;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 19 of this Resolution.

(aa) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(bb) **“Paying Agent”** means initially the Treasurer, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds. The Treasurer is authorized to contract with a third party to provide Paying Agent services hereunder.

(cc) **“Permitted Investments”** means (i) any lawful investments permitted by Government Code Section 16429.1 and Section 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating that meets the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the County investment pool described above, and (vi) United States Treasury Securities, State and Local Government Series.

(dd) **“Principal” or “Principal Amount”** means, with respect to any Current Interest Bond, the Principal Amount thereof, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Denominational Amount thereof.

(ee) **“Record Date”** means the close of business on the 15th day of the month preceding each Bond Payment Date.

(ff) **“Securities Depository”** means The Depository Trust Company, 55 Water Street, New York, New York 10041.

(gg) **“Series”** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof which are identified as a separate series of Bonds.

(hh) **“S&P”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successor and assigns, or if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency as may be designated by the District.

(ii) **“Taxable Bonds”** means any Bonds not issued as Tax-Exempt Bonds.

(jj) **“Tax-Exempt Bonds”** means any Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

(kk) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(ll) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bonds, the Conversion Value.

(mm) **“Treasurer”** means the Treasurer and Tax Collector of the County or other comparable officer of the County.

(nn) **“Underwriter”** means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds.

## **SECTION 6. Terms of the Bonds.**

(a) **Denomination, Interest, Dated Dates and Terms.** The Bonds shall be issued as fully registered book-entry bonds in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of the Depository Trust Company, New York, New York.

Each Current Interest Bond shall be dated as of the Dated Date, and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, and shall have Accretion Rates as shown in the Accreted Value Table attached to the Official Statement or Purchase Contract. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, and shall have Accretion Rates as shown in such Accreted Value Table; provided, however, that in the event that the amount shown in such Accreted

Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial delivery. Capital Appreciation Bonds will not bear interest on a current or periodic basis.

Prior to their respective Conversion Dates, each Convertible Capital Appreciation Bond shall not bear current, periodic interest but will accrete in value through the Conversion Date thereof, from its Denominational Amount on the Date of Delivery thereof to its Conversion Value on the applicable Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the respective Conversion Dates thereof. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear current, periodic interest, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. Following their respective Conversion Dates, each Convertible Capital Appreciation Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof, unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date after the Conversion Date, in which event it will bear interest from the Conversion Date.

Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one, and Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not mature more than 25 years from their respective dates of issuance.

To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional or mandatory sinking fund redemption prior to maturity as provided in the Purchase Contract or the Official Statement; provided, however, that, notwithstanding any other provision herein, any Capital Appreciation Bond or Convertible Capital Appreciation Bond maturing more than 10 years after their date of issuance shall be subject to redemption before its fixed maturity date, with or without premium, at any time, or from time to time, at the option of the District, beginning no later than the 10th anniversary of the date such Bond is issued.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof, (C) and the portion of any

Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof.

The Purchase Contract may provide that (i) in the event that any portion of Term Bonds subject to mandatory sinking fund redemption is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect to such Bonds shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Principal Amount (or Maturity Value or Conversion Value, as applicable), in respect of the portion of such Bonds optionally redeemed, and (ii) within a maturity, Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Notice of Redemption. When redemption is authorized or required pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, Accreted Value or Conversion Value, as applicable, to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest thereon shall cease to accrue or accrete.

The Paying Agent shall take the following actions with respect to each such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.

(c) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

(d) The Paying Agent shall provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number

identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

With respect to any notice of optional redemption of Bonds (or portions thereof) pursuant to Section 6(b)(i) hereof, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the Principal, Accreted Value and Conversion Value of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for redemption. The Paying Agent shall distribute a notice of rescission of such Redemption Notice in the same manner as such Redemption Notice was originally provided.

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

(v) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

(vi) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest (if applicable) with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination. The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Principal, Accreted Value and Conversion Value of, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of Principal, Accreted Value and Conversion Value of, premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Principal, Accreted Value and Conversion Value of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Principal, Accreted Value and Conversion Value of, and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Principal, Accreted Value and Conversion Value of, and premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall

take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 6(c).

3. Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Bonds are held in book-entry form and registered in the name of the Nominee, all payments by the District or the Paying Agent with respect to Principal, Accreted Value and Conversion Value of, premium, if any, or interest on the Bonds and all notices with respect to such Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise required or instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the Principal, Maturity Value, or Conversion Value maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in Principal, Maturity Value or Conversion Value, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Bonds.

**SECTION 7. Execution of the Bonds.** The Bonds shall be signed by the President of the Board, or other member of the Board authorized to sign on behalf of the President, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, or the designee thereof, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 8. Paying Agent; Transfer and Exchange.** So long as any of the Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal, Accreted Value and Conversion Value of,

premium, if any, and interest on any Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not be exchanged for one another.

If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If 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 Bonds only after the new Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs 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 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 this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent as

requested by the District. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

**SECTION 9. Payment.** Payment of interest on any Current Interest Bond or Convertible Capital Appreciation Bond after its respective Conversion Date shall be made on any Bond Payment Date to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal, and redemption premiums, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, on the Capital Appreciation Bonds, and the Conversion Value and redemption premiums, if any, on Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The Principal, Accreted Value and Conversion Value of, and premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

**SECTION 10. Forms of Bonds.** The Bonds shall be in substantially the form as set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Bonds, the Bonds may be executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. If the Paying Agent delivers temporary Bonds, it shall execute and deliver definitive Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds.

**SECTION 11. Delivery of Bonds.** The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the Underwriter upon payment of the purchase price therefor.

**SECTION 12. Deposit of Proceeds of Bonds.** (a) The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the "Lynwood Unified School District Election of 2012 General Obligation Bonds, Series E Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the District at the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. At the election of the District (i) to the extent the Bonds are sold in the more than one Series, there shall be created a separate Building Fund for each such Series of Bonds, and all

references herein to a Building Fund shall be deemed to include each Building Fund created for a Series of Bonds, or (ii) the Building Fund may be established as a subaccount of, or otherwise combined with, any fund established by the County for the purpose of holding proceeds of prior bonds issued pursuant to the Authorization.

The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and designated as the "Lynwood Unified School District Election of 2012 General Obligation Bonds, Series E Debt Service Fund" (the "Debt Service Fund") for the Bonds and used for payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds, and for no other purpose. At the election of the District (i) to the extent the Bonds are sold in the more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, and all references herein to a Debt Service Fund shall be deemed to include each Debt Service Fund created for a Series of Bonds, or (ii) the Debt Service Fund may be established as a subaccount of, or otherwise combined with, any fund established by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay any bonds issued pursuant to the Authorization. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Bonds, or from the Principal Amount of the Bonds received from the Underwriter. To the extent costs of issuance are paid from such Principal Amount, the District, may direct that a portion thereof, in an amount not-to-exceed 2.0% of such Principal Amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose. Any excess moneys in the cost of issuance account remaining after payment of all costs of issuance shall be transferred to the County for deposit into the Building Fund or Debt Service Fund, as appropriate.

(b) Subject to Federal tax restrictions, moneys in the Debt Service Fund and the Building Fund shall be invested in Permitted Investment pursuant to law and the investment policy of the County. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years. Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds when due.

**SECTION 13. Rebate Fund.** The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the "Lynwood Unified School District Election of 2012 General Obligation Bonds, Series E Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement")

pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the "Tax Certificate").

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the "rebate amount" and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due,

the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

**SECTION 14. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the principal, Maturity Value and Conversion Value of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District, and which fund is hereby designated for the payment of the principal of and interest on the Bonds when and as the same shall fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section 14. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection of *ad valorem* property taxes for the payment of each Series of Bonds and all amounts on deposit in the corresponding Debt Service Fund created pursuant to Section 12 herein to the payment of such Series of Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in such Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of such Series of Bonds to provide security for the payment of such Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal, Maturity Value and Conversion Value of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal and interest. DTC will thereupon make payments of principal, Maturity Value and Conversion Value of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal, Maturity Value, Conversion Value and interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon

have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to the Education Code Section 15234.

**SECTION 15. Arbitrage Covenant.** The District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed thereunder or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

**SECTION 16. Conditions Precedent.** The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

**SECTION 17. Official Statement.** The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is further directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

**SECTION 18. Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value and Conversion Value of or interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of such Principal, Accreted Value, Conversion Value or interest, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 19. Defeasance.** All or any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

- (a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the Debt Service

Fund, if any, is sufficient to pay all Bonds Outstanding and designated for defeasance (including all Principal thereof, accrued or accreted interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, and amounts transferred from the Debt Service Fund, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds Outstanding and designated for defeasance (including all Principal thereof, accrued or accreted interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall mean:

Direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) 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 United States obligations; and (iii) the underlying United States 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 least as high as direct and general obligations of the United States of America by either Moody's or S&P.

**SECTION 20. Nonliability of County.** Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied to pay the Principal, Accreted Value and Conversion Value of or interest on the Bonds, which taxes shall be unlimited as to rate or amount.

**SECTION 21. Reimbursement of County Costs.** The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

**SECTION 22. Request to County to Levy Tax.** The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all Principal, Accreted Value and Conversion Value of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all such Principal, Accreted Value, Conversion Value and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The Board hereby finds and determines that such *ad valorem* property taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election.

**SECTION 23. Other Actions.** (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints Mission Trail Advisors LLC as Municipal Advisor, Stifel, Nicolaus & Company, Incorporated as Underwriter, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds.

(c) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Bonds may be amended by the Purchase Contract and the Official Statement.

(d) Based on a good faith estimate from the Municipal Advisor, the District finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1) is expected to be approximately 2.822%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1) is expected to be \$524,204, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$31,630,176, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1), calculated to the final maturity of the Bonds, will be \$57,395,550. The information presented in this Section 23 (d) is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any provision of this Resolution.

(e) Attached as Exhibit B is disclosure regarding the estimated term and time of maturity, repayment ratio and estimated change in assessed valuation of taxable property within the District over the term of the Bonds. Such disclosure is appended in satisfaction of Education Code Section 15146(b)(1)(E), and shall not abrogate or otherwise limit any provision of this Resolution.

(f) The District hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Government Code Section 16.5 using DocuSign.

**SECTION 24. Resolution to County Treasurer.** The Secretary to this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

**SECTION 25. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated as of the Dated Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of the Preliminary Official Statement on file with the Secretary to the Board, and further authorizes the Authorized Officers, each alone, to execute and deliver the Continuing Disclosure Certificate with such changes therein or modifications thereto as shall be approved by the Underwriter and the Authorized Officer executing the same, such approval to be conclusively evidenced by such execution and delivery. Any Bond Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

**SECTION 26. Effective Date.** This Resolution shall take effect immediately upon its passage.

**SECTION 27. Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

[REMAINDER OF PAGE LEFT BLANK]

**SECTION 28. Recitals.** All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

PASSED, ADOPTED AND APPROVED this 24th day of June, 2021, by the following vote:

AYES: MEMBERS \_\_\_\_\_

NOES: MEMBERS \_\_\_\_\_

ABSTAIN: MEMBERS \_\_\_\_\_

ABSENT: MEMBERS \_\_\_\_\_

\_\_\_\_\_  
President of the Board of Education

ATTEST:

\_\_\_\_\_  
Secretary to the Board of Education

### SECRETARY'S CERTIFICATE

I, Dr. Gudiel Crosthwaite, Secretary to the Board of Education of the Lynwood Unified School District, Los Angeles County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on June 24, 2021, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: June \_\_, 2021

---

Secretary to the Board of Education of the Lynwood  
Unified School District

**EXHIBIT A**  
**FORMS OF BONDS**

(Form of Current Interest Bond)

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**REGISTERED  
NO.**

**REGISTERED  
\$**

**LYNWOOD UNIFIED SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
ELECTION OF 2012 GENERAL OBLIGATION BONDS, SERIES E**

|                       |                       |                          |              |
|-----------------------|-----------------------|--------------------------|--------------|
| <u>INTEREST RATE:</u> | <u>MATURITY DATE:</u> | <u>DATE OF DELIVERY:</u> | <u>CUSIP</u> |
| ____% per annum       | August 1, ____        | ____, 2021               |              |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Lynwood Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing February 1, 2022. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2022, in which event it shall bear interest from the Date of Delivery. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Principal is payable upon presentation and surrender of this bond at the

designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this Bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the month next preceding that Bond Payment Date (the "Record Date").

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 6, 2012 (the "Election"), upon the question of issuing bonds in the amount of \$93,000,000 and the resolution of the Board of Education of the District adopted on June 24, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

The bonds of this issue (the "Bonds") comprise (i) \$\_\_\_\_\_ principal amount of Current Interest Bonds, of which this bond is a part, (ii) Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value.

This bond is exchangeable and transferable for Bonds of like tenor, maturity and principal amount and in authorized denominations at the designated office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable Redemption Notice is given or (b) transfer any Bond which has been selected or called for redemption in whole or in part.

The Current Interest Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August

1, 20\_\_ at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Current Interest Bonds maturing on August 1, 20\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Current Interest Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

| <u>Redemption Dates</u> | <u>Principal Amounts</u> |
|-------------------------|--------------------------|
|-------------------------|--------------------------|

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

**IN WITNESS WHEREOF**, the Lynwood Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

**LYNWOOD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_ (Facsimile Signature)  
President of the Board of Education

**COUNTERSIGNED:**

\_\_\_\_\_  
(Facsimile Signature)  
[Secretary to/Clerk of] the Board of Education

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS  
AGENT OF THE TREASURER AND TAX  
COLLECTOR OF LOS ANGELES COUNTY, as  
Paying Agent

\_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): \_\_\_\_\_ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

## LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

\_\_\_\_\_  
(Facsimile Signature)

[Secretary to/Clerk of] the Board of Education

(Form of Legal Opinion)

(Form of Capital Appreciation Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED  
NO.

REGISTERED  
\$

LYNWOOD UNIFIED SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
ELECTION OF 2012 GENERAL OBLIGATION BONDS, SERIES E

ACCRETION RATE:      MATURITY DATE:      DATED AS OF:      CUSIP  
\_\_\_\_\_ %      August 1, 20\_\_      \_\_\_\_\_, 2021

REGISTERED OWNER:      CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Lynwood Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing February 1, 2022, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal,

financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 6, 2012 (the "Election"), upon the question of issuing bonds in the amount of \$93,000,000 and the resolution of the Board of Education of the District adopted on June 24, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

The bonds of this issue (the "Bonds") comprise (i) \$\_\_\_\_\_ principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which this bond is a part, and of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, and of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value.

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) transfer any Bond which has been selected or called for redemption in whole or in part.

The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_, 20\_\_ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

The Capital Appreciation Bonds maturing on August 1, 20\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds as of the dates set for such redemption, without premium. The Accreted Value of such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Dates

Accreted Value

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]

**IN WITNESS WHEREOF**, the Lynwood Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

**LYNWOOD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_ (Facsimile Signature)  
President of the Board of Education

**COUNTERSIGNED:**

\_\_\_\_\_  
(Facsimile Signature)  
[Secretary to/Clerk of] the Board of Education

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS  
AGENT OF THE TREASURER AND TAX  
COLLECTOR OF LOS ANGELES COUNTY, as  
Paying Agent

\_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): \_\_\_\_\_ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

## LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

\_\_\_\_\_  
(Facsimile Signature)

[Secretary to/Clerk of] the Board of Education

(Form of Convertible Capital Appreciation Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED  
NO.

REGISTERED  
\$

LYNWOOD UNIFIED SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
ELECTION OF 2012 GENERAL OBLIGATION BONDS, SERIES E

|                                                |                                  |                                                      |                         |                     |              |
|------------------------------------------------|----------------------------------|------------------------------------------------------|-------------------------|---------------------|--------------|
| ACCRETION RATE<br>TO<br><u>CONVERSION DATE</u> | <u>CONVERSION</u><br><u>DATE</u> | INTEREST RATE<br>AFTER THE<br><u>CONVERSION DATE</u> | MATURITY<br><u>DATE</u> | <u>DATED AS OF:</u> | <u>CUSIP</u> |
| _____                                          | _____, 20__                      | _____%                                               | August 1, 20__          | _____, 2021         | _____        |

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

CONVERSION VALUE :

The Lynwood Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing February 1, 2022, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which

event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest following the Conversion Date is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register as of the 15th day of the month next preceding that Bond Payment Date (the "Record Date"). The Owner of Convertible Capital Appreciation Bonds in the aggregate Conversion Value of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 6, 2012 (the "Election"), upon the question of issuing bonds in the amount of \$93,000,000 and the resolution of the Board of Education of the District adopted on June 24, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

[The bonds of this issue comprise (i) \$\_\_\_\_\_ principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which this bond is a part, and of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value.]

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20\_\_ at a redemption price equal to the Conversion Value thereof, together with interest accrued thereon to the date set for redemption, without premium.

The Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Conversion Value of such Convertible Capital Appreciation Bonds, together with interest accrued thereon to the date set for redemption, without premium. The Conversion Value of such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Dates

Conversion Value

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]

**IN WITNESS WHEREOF**, the Lynwood Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

**LYNWOOD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_ (Facsimile Signature)  
President of the Board of Education

**COUNTERSIGNED:**

\_\_\_\_\_  
(Facsimile Signature)  
[Secretary to/Clerk of] the Board of Education

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS  
AGENT OF THE TREASURER AND TAX  
COLLECTOR OF LOS ANGELES COUNTY, as  
Paying Agent

\_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): \_\_\_\_\_ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

## LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

\_\_\_\_\_  
(Facsimile Signature)

[Secretary to/Clerk of] the Board of Education

## EXHIBIT B

### DISCLOSURE REQUIRED BY CALIFORNIA EDUCATION CODE 15145(b)(1)(E)

1. Financing term and time of maturity of the bonds (entire series of bonds). The table below shows the projected debt service payment schedule of the bonds.

| Date<br>(August 1) | OPTION 1<br>ALL CURRENT INTEREST BONDS ONLY |               |               | OPTION 2<br>CURRENT INTEREST & CAPITAL APPRECIATION BONDS |               |               |
|--------------------|---------------------------------------------|---------------|---------------|-----------------------------------------------------------|---------------|---------------|
|                    | Principal                                   | Interest      | Total         | Principal                                                 | Interest      | Total         |
| 2022               | 485,000.00                                  | 973,700.00    | 1,458,700.00  | 155,000.00                                                | 393,200.00    | 548,200.00    |
| 2023               |                                             | 954,300.00    | 954,300.00    |                                                           | 387,000.00    | 387,000.00    |
| 2024               |                                             | 954,300.00    | 954,300.00    | 63,518.00                                                 | 388,482.00    | 452,000.00    |
| 2025               |                                             | 954,300.00    | 954,300.00    | 91,538.20                                                 | 390,461.80    | 482,000.00    |
| 2026               |                                             | 954,300.00    | 954,300.00    | 113,707.20                                                | 393,292.80    | 507,000.00    |
| 2027               |                                             | 954,300.00    | 954,300.00    | 134,313.50                                                | 397,686.50    | 532,000.00    |
| 2028               |                                             | 954,300.00    | 954,300.00    | 162,572.40                                                | 404,427.60    | 567,000.00    |
| 2029               |                                             | 954,300.00    | 954,300.00    | 183,693.30                                                | 413,306.70    | 597,000.00    |
| 2030               |                                             | 954,300.00    | 954,300.00    | 207,211.20                                                | 424,788.80    | 632,000.00    |
| 2031               |                                             | 954,300.00    | 954,300.00    | 228,337.20                                                | 438,662.80    | 667,000.00    |
| 2032               |                                             | 954,300.00    | 954,300.00    | 247,079.70                                                | 454,920.30    | 702,000.00    |
| 2033               |                                             | 954,300.00    | 954,300.00    | 273,276.00                                                | 473,724.00    | 747,000.00    |
| 2034               |                                             | 954,300.00    | 954,300.00    | 293,712.00                                                | 493,288.00    | 787,000.00    |
| 2035               | 40,000.00                                   | 954,300.00    | 994,300.00    | 319,117.50                                                | 517,882.50    | 837,000.00    |
| 2036               | 95,000.00                                   | 952,700.00    | 1,047,700.00  | 341,395.00                                                | 545,605.00    | 887,000.00    |
| 2037               | 150,000.00                                  | 948,900.00    | 1,098,900.00  | 357,183.00                                                | 569,817.00    | 927,000.00    |
| 2038               | 220,000.00                                  | 942,900.00    | 1,162,900.00  | 384,162.00                                                | 602,838.00    | 987,000.00    |
| 2039               | 250,000.00                                  | 934,100.00    | 1,184,100.00  | 365,375.20                                                | 611,624.80    | 977,000.00    |
| 2040               | 325,000.00                                  | 924,100.00    | 1,249,100.00  | 392,017.50                                                | 649,982.50    | 1,042,000.00  |
| 2041               | 405,000.00                                  | 911,100.00    | 1,316,100.00  | 416,138.40                                                | 690,861.60    | 1,107,000.00  |
| 2042               | 1,215,000.00                                | 894,900.00    | 2,109,900.00  | 1,070,784.00                                              | 1,236,216.00  | 2,307,000.00  |
| 2043               | 3,845,000.00                                | 858,450.00    | 4,703,450.00  | 3,206,395.50                                              | 3,130,604.50  | 6,337,000.00  |
| 2044               | 4,185,000.00                                | 743,100.00    | 4,928,100.00  | 3,255,102.00                                              | 3,386,898.00  | 6,642,000.00  |
| 2045               | 4,545,000.00                                | 617,550.00    | 5,162,550.00  | 3,299,848.20                                              | 3,657,151.80  | 6,957,000.00  |
| 2046               | 4,930,000.00                                | 481,200.00    | 5,411,200.00  | 3,361,699.25                                              | 3,930,300.75  | 7,292,000.00  |
| 2047               | 5,340,000.00                                | 333,300.00    | 5,673,300.00  | 7,255,000.00                                              | 387,000.00    | 7,642,000.00  |
| 2048               | 5,770,000.00                                | 173,100.00    | 5,943,100.00  | 5,645,000.00                                              | 169,350.00    | 5,814,350.00  |
| 2049               |                                             |               |               |                                                           |               |               |
| Total              | 31,800,000.00                               | 23,095,000.00 | 54,895,000.00 | 31,823,176.25                                             | 25,539,373.75 | 57,362,550.00 |

2. Repayment ratio for the bonds (entire series of bonds).

**Option 1:** Current Interest Bonds: 1.7263:1

**Option 2:** Current Interest & Capital Appreciation Bonds: 1.8025:1

3. Estimated change in assessed value ("AV") of taxable property within the District over the term of the bonds. 4.8% in Fiscal Year 2021-22 and each year thereafter until final maturity of the bonds.
4. Total overall cost of the Capital Appreciation Bonds ("CABs") The table below shows the proportion of the projected debt service schedule allocable to CABs for Option 2 at item 1 above. That portion has a repayment ratio of 1.8153:1.

| <b>Date<br/>(August 1)</b> | <b>Principal</b>     | <b>Interest</b>      | <b>Total</b>         |
|----------------------------|----------------------|----------------------|----------------------|
| 2024                       | 63,518.00            | 1,482.00             | 65,000.00            |
| 2025                       | 91,538.20            | 3,461.80             | 95,000.00            |
| 2026                       | 113,707.20           | 6,292.80             | 120,000.00           |
| 2027                       | 134,313.50           | 10,686.50            | 145,000.00           |
| 2028                       | 162,572.40           | 17,427.60            | 180,000.00           |
| 2029                       | 183,693.30           | 26,306.70            | 210,000.00           |
| 2030                       | 207,211.20           | 37,788.80            | 245,000.00           |
| 2031                       | 228,337.20           | 51,662.80            | 280,000.00           |
| 2032                       | 247,079.70           | 67,920.30            | 315,000.00           |
| 2033                       | 273,276.00           | 86,724.00            | 360,000.00           |
| 2034                       | 293,712.00           | 106,288.00           | 400,000.00           |
| 2035                       | 319,117.50           | 130,882.50           | 450,000.00           |
| 2036                       | 341,395.00           | 158,605.00           | 500,000.00           |
| 2037                       | 357,183.00           | 182,817.00           | 540,000.00           |
| 2038                       | 384,162.00           | 215,838.00           | 600,000.00           |
| 2039                       | 365,375.20           | 224,624.80           | 590,000.00           |
| 2040                       | 392,017.50           | 262,982.50           | 655,000.00           |
| 2041                       | 416,138.40           | 303,861.60           | 720,000.00           |
| 2042                       | 1,070,784.00         | 849,216.00           | 1,920,000.00         |
| 2043                       | 3,206,395.50         | 2,743,604.50         | 5,950,000.00         |
| 2044                       | 3,255,102.00         | 2,999,898.00         | 6,255,000.00         |
| 2045                       | 3,299,848.20         | 3,270,151.80         | 6,570,000.00         |
| 2046                       | 3,361,699.25         | 3,543,300.75         | 6,905,000.00         |
| <b>Total</b>               | <b>18,768,176.25</b> | <b>15,301,823.75</b> | <b>34,070,000.00</b> |

5. Comparison of the overall cost of Option 1 (all Current Interest Bonds ("CIBs")) with Option 2 (Capital Appreciation Bonds & CIBs). The total debt service to be paid with Option 1 would be lowered by approximately \$2,467,550.00 but the District would significantly exceed maximum allowable tax rates per Proposition 39. Accordingly, Option 1 is not available to the District.

|                                                      |
|------------------------------------------------------|
| Comparison of Option 1 and Option 2 Total Debt Costs |
|------------------------------------------------------|

|                              |                 |
|------------------------------|-----------------|
| Option 1 Total Debt Service: | \$54,895,000.00 |
| Option 2 Total Debt Service: | \$57,362,550.00 |
| Difference/Cost Savings:     | \$2,467,550.00  |

|                                      |         |
|--------------------------------------|---------|
| Option 1 Projected Maximum Tax Rate: | \$71.65 |
| Option 2 Projected Maximum Tax Rate: | \$60.00 |

6. Reason for recommending CABs. Under current market conditions, a bond issue that is comprised of only Current Interest Bonds and complies with the maximum allowable tax rates per Proposition 39 allows the District to issue approximately \$15.25 million of general obligation bonds. However, Option 2 (Capital Appreciation Bonds & CIBs) allows the District to issue up to \$31.823 million of general obligation bonds to continue needed projects while staying under tax rate limitations pursuant to Proposition 39. This will enable the District to have the necessary funds to construct, equip and furnish needed school facilities.
7. Underwriter G-17 Disclosure. Attached on the following pages is the disclosure delivered by Stifel, Nicolaus & Company, Incorporated, as Underwriter of the Bonds, required by MSRB Rule G-17.



515 S. Figueroa Street, Suite 1800, Los Angeles CA 90071

December 28, 2020

Mr. Gregory J. Fromm  
Chief Business Official  
Lynwood Unified School District  
11321 Bullis Road  
Lynwood, CA 90262

**Re: Underwriter Engagement and MSRB G-17 Disclosures Relating to Potential Municipal Securities Transaction**  
Lynwood Unified School District  
Election of 2016 (Measure N), 2021 General Obligation Bonds  
Election of 2012 (Measure K), 2021 General Obligation Bonds

Dear Mr. Fromm,

The Lynwood Unified School District (the "District") and Stifel, Nicolaus & Company, Incorporated ("Stifel"), are entering into this memorandum to confirm that discussions related to a potential refinancing of municipal securities have occurred regarding the above referenced Bonds (the "Bonds"), and to formalize Stifel's role as underwriter with respect to the sale of the Bonds.

**Engagement as Underwriter**

The District is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter for a particular issuance of municipal securities. The District hereby designates Stifel as an underwriter for the sale of the Bonds. The District expects that Stifel will provide advice to the District on the structure, timing, terms and other matters concerning the sale of the Bonds.

**Limitation of Engagement**

It is the District's intent that Stifel serve as an underwriter for the sale of the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Board of Education of the District, finalizing the structure of the sale of the Bonds, and executing a bond purchase agreement. Although the District engages Stifel as the underwriter for the Bonds, this engagement letter is preliminary, nonbinding and may be terminated at any time by the District, without penalty or liability for any costs incurred by Stifel. Furthermore, this engagement letter does not restrict the District from entering into the sale of the Bonds with any other underwriter or selecting an underwriting syndicate that does not include Stifel.

**Disclosures Required by MSRB Rule G-17 Concerning the Role of an Underwriter**

The District hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter:

- (1) Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter's primary role is to purchase securities in an arm's-length commercial transaction with the District and it has financial and other interests that may differ from those of the District;
- (3) unlike a municipal advisor, the underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- (4) the underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (5) the underwriter will review the official statement for the District's securities, if any, and complete any requisite due diligence in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.<sup>1</sup>

<sup>1</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

#### **Disclosures Concerning Compensation of the Underwriter**

An underwriter is compensated by an underwriting discount that will be set forth in the purchase agreement to be negotiated and entered into in connection with the Bonds. While this form of compensation is customary in the municipal securities market, it presents a potential conflict of interest since the underwriter may have an incentive to recommend to the District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

#### **Conflicts of Interest Disclosures**

While Stifel does not believe that the following represent a potential or actual material conflict of interest, we note that:

In March 2020, Stifel made a charitable contribution to Lynwood Partners Ed Foundation 2020 Comedy Showcase.

#### **Disclosures Relating to Complex Municipal Securities Financing – Capital Appreciation Bonds**

Under MSRB Rule G-17, underwriters must provide an issuer with disclosures about “complex municipal securities financings” that they recommend to the issuer for a negotiated offering. Some of the maturities of the Bonds may be issued as capital appreciation bonds (“CABs”). CABs may be considered by some to be a “complex municipal securities financing”.

The following is a general description of capital appreciation bonds, as well as a description of certain financial factors that you should consider before deciding whether to issue CABs.

#### **Financial Characteristics**

A capital appreciation bond is a form of municipal bond on which the interest accretes, or compounds on itself, and is not paid out periodically. This can be contrasted with traditional current interest bonds (“CIBs”). The issuer of a CIB pays interest periodically to the bondholder and pays back the principal at maturity. The issuer of a CAB pays no periodic interest to the bondholder. Instead, on each accretion date (the date on which interest would normally be paid on a CIB) the interest on a CAB is computed and then compounded, or essentially added to the principal. At maturity, the issuer repays the principal, all of the interest, and all of the interest on interest.

Convertible CABs are a hybrid structure in which the bonds accrete while in the CAB mode and then pay annual principal and semi-annual interest as a standard current interest bond after a designated conversion date. The interest and principal paid after the conversion date is based on the accreted value of bonds while in the CAB mode instead of the initial principal amount.

#### **Financial Considerations**

Listed below are certain factors to be considered when issuing CABs:

- (1) The rate of interest on a CAB is typically higher than a CIB of the same maturity.
- (2) The total debt service, or total principal and interest paid, on a CAB will be more than on a CIB of corresponding maturity. This is due to two reasons: first, the CAB interest rate is higher, which leads to more interest being paid. Second, since each interest payment is accreted, or added to principal, the issuer is paying interest on interest.
- (3) Because no payments are being made on a CAB until maturity, the maturity value can be large in comparison with the original principal amount. The longer the term of the CAB, the greater the maturity value compared with the original principal amount.
- (4) Often CABs have been issued without an optional prepayment provision, although recent state legislation (AB 182 effective on January 1, 2014) now requires all CABs sold by a California school district to be subject to optional prepayment beginning in the tenth year after issuance.
- (5) If a CAB has an optional prepayment provision, it often requires a higher interest rate (reflecting the value of the prepayment provision) than a comparable CAB without an optional prepayment option.
- (6) The cost associated with selling CABs, primarily the underwriter's discount, is usually greater for a CAB than for a comparable CIB.
- (7) Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

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Lynwood Unified School District  
Engagement and G-17 Disclosures  
Election of 2016 (Measure N), 2021 General Obligation Bonds  
Election of 2012 (Measure K), 2021 General Obligation Bonds  
December 28, 2020  
Page 3 of 3

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If you or any other District official has any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the District's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the District by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

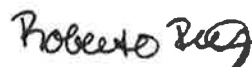
We are required to seek your acknowledgement of the receipt of this letter. Accordingly, sign and return a copy of this letter to us as a PDF.

We look forward to working with the District on the sale of the Bonds. Do not hesitate to contact us with any questions regarding the content of this letter.

Sincerely,



Dawn Vincent  
Managing Director  
Stifel, Nicolaus & Company, Inc.  
(213) 443-5006  
[dvincent@stifel.com](mailto:dvincent@stifel.com)



Roberto Ruiz  
Director  
Stifel, Nicolaus & Company, Inc.  
(415) 364-6856  
[rruiz@stifel.com](mailto:r Ruiz@stifel.com)

The District acknowledges the foregoing.

Accepted and Executed



Mr. Gregory J. Fromm  
Chief Business Official

Date: 12/29/20

cc: Lalo Trujillo, Mission Trall Advisors  
Albert Reyes, Kutak Rock  
Esthela Carreon, Stifel

8.

B-6

# **Attachment No. 2**

Preliminary Official Statement  
2012 General Obligation Bonds Series E

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

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2021

**NEW ISSUE—FULL BOOK-ENTRY**

**INSURED RATING: See "MISCELLANEOUS – Ratings" herein**

**UNDERLYING RATING: S&P: "\_\_\_"**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

§ \_\_\_\_\_\*

**LYNWOOD UNIFIED SCHOOL DISTRICT  
(Los Angeles County, California)  
Election of 2012 General Obligation Bonds, Series E**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined shall have the meanings assigned thereto herein.*

The Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series E (the "Bonds"), were authorized at an election of the registered voters of the Lynwood Unified School District (the "District") held on November 6, 2012, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$93,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued by the District to finance the acquisition, construction, modernization and equipping of District sites and facilities and to pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds accrues from the date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022. Principal of the Current Interest Bonds is due on August 1 in the years and in the amounts set forth on the inside front cover page hereof. The Capital Appreciation Bonds are dated the Date of Delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2022. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not pay interest on a current basis.

Payments of principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, as the agent of Los Angeles County, as the designated paying agent, bond registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The scheduled payment of principal and Accreted Value of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_.

[INSURER LOGO]

**The Bonds are subject to optional and mandatory sinking fund redemption as provided herein.\***

**MATURITY SCHEDULE\***

(see inside front cover)

*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Irvine, California. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about \_\_\_\_\_, 2021.*

**[STIFEL]**

Dated: \_\_\_\_\_, 2021

\* Preliminary, subject to change.

4837-4008-4711v1/024479-0015

06-10-2021

INFORMATIONAL ITEM ONLY

Page 1 of 114

# MATURITY SCHEDULE\*

\$ \_\_\_\_\_  
**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**Election of 2012 General Obligation Bonds, Series E**

**Base CUSIP<sup>(1)</sup>:**

\$ \_\_\_\_\_ **Current Interest Serial Bonds**

| <b>Maturity<br/>(August 1)</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Rate</b> | <b>Yield</b> | <b>CUSIP<br/>Suffix<sup>(1)</sup></b> |
|--------------------------------|-----------------------------|--------------------------|--------------|---------------------------------------|
|--------------------------------|-----------------------------|--------------------------|--------------|---------------------------------------|

\$ \_\_\_\_\_ - \_\_\_\_% **Current Interest Term Bonds due August 1, 20\_\_**; Yield: \_\_\_\_%; CUSIP<sup>(1)</sup> Suffix: \_\_\_\_\_

\$ \_\_\_\_\_ **Capital Appreciation Serial Bonds**

| <b>Maturity<br/>(August 1)</b> | <b>Denominational<br/>Amount</b> | <b>Accretion<br/>Rate</b> | <b>Yield</b> | <b>Maturity<br/>Value</b> | <b>CUSIP<br/>Suffix<sup>(1)</sup></b> |
|--------------------------------|----------------------------------|---------------------------|--------------|---------------------------|---------------------------------------|
|--------------------------------|----------------------------------|---------------------------|--------------|---------------------------|---------------------------------------|

\$ \_\_\_\_\_ **Capital Appreciation Term Bonds**

| <b>Maturity<br/>(August 1)</b> | <b>Denominational<br/>Amount</b> | <b>Accretion<br/>Rate</b> | <b>Yield</b> | <b>Maturity<br/>Value</b> | <b>CUSIP<br/>Suffix<sup>(1)</sup></b> |
|--------------------------------|----------------------------------|---------------------------|--------------|---------------------------|---------------------------------------|
|--------------------------------|----------------------------------|---------------------------|--------------|---------------------------|---------------------------------------|

\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Municipal Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, 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."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented thereon is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

[Insurer Disclaimer to come].

**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**

**Board of Education**

Maria G. Lopez, *President*  
Alfonso Morales, Esq., *Vice-President*  
Alma Carina Castro, Ed.D., *Clerk*  
Julian Del Real-Calleros, *Member*  
Gary Hardie, Jr., *Member*

**District Administration**

Gudiel Crosthwaite, Ph.D., *Superintendent*  
Gregory Fromm, *Chief Business Official*

**PROFESSIONAL SERVICES**

**Bond and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
*San Francisco, California*

**Municipal Advisor**

Mission Trail Advisors, LLC  
*Long Beach, California*

**Paying Agent, Registrar, and Transfer Agent**

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

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**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**Election of 2012 General Obligation Bonds, Series E**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Lynwood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series E (the “Bonds”).

*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, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

**The District**

The Lynwood Unified School District (the “District”), formed in 1950, provides kindergarten through twelfth grade education services to residents in Los Angeles County, California (the “County”). The District encompasses an area of approximately 6.5 square miles, and includes most of the City of Lynwood. The District operates 12 elementary schools, three middle schools, two high schools, one continuation high school, one adult school and two child care centers. For fiscal year 2021-22, the District’s projected average daily attendance (“ADA”) and enrollment is \_\_\_\_\_ and \_\_\_\_\_ students, respectively. For fiscal year 2020-21, the assessed valuation of taxable property within the District is \$3,768,626,489. District ADA and enrollment, as well as the assessed value of taxable property within the District, may be impacted by the ongoing COVID-19 (as defined herein) pandemic. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

The District is governed by a five-member Board of Education (the “Board”), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District’s other key personnel. Gudiel Crosthwaite, Ph.D. currently serves as the District’s Superintendent.

See “LYNWOOD UNIFIED SCHOOL DISTRICT” and “DISTRICT FINANCIAL INFORMATION” herein for information regarding the District generally and “TAX BASE FOR REPAYMENT OF BONDS” herein for information regarding the District’s assessed valuation. The audited financial statements of the District for the fiscal year ending June 30, 2020, are attached hereto as APPENDIX B, and should be read in their entirety.

**Purpose of the Bonds**

The Bonds are being issued by the District to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the Bonds.

\* Preliminary; subject to change.

### **Authority for Issuance of the Bonds**

The Bonds are being issued pursuant to certain provisions of the California Government Code, California Constitution and the Resolution (as defined herein). See "THE BONDS – Authority for Issuance" herein.

### **Sources of Payment for the Bonds**

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value (as defined herein) of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

### **Description of the Bonds**

**Form and Registration.** The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

**Current Interest Bonds and Capital Appreciation Bonds.** The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds").

The Current Interest Bonds will bear periodic interest as further described herein. The Capital Appreciation Bonds are payable only at maturity and will not bear interest on a current basis. The "Maturity Value" of each Capital Appreciation Bond is equal to its Accreted Value (defined herein) upon the maturity thereof, comprising its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the date of initial delivery (the "Date of Delivery") and its respective maturity date.

**Denominations.** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount or Maturity Value, as applicable, or any integral multiple thereof.

**Redemption.\*** Certain of the Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as further described herein. See “THE BONDS – Redemption” herein.

**Payments.** The Bonds will be dated as of the Date of Delivery. Interest on the Current Interest Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each, a “Bond Payment Date”), commencing February 1, 2022. Principal of the Current Interest Bonds is payable on August 1 of each year, as shown on the inside front cover page hereof.

The Capital Appreciation Bonds will accrete in value from their Denominational Amounts on the Date of Delivery to their respective Maturity Values, at the Accretion Rates (defined herein) per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2022. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) according to the amounts set forth in the Accreted Values table as shown in APPENDIX D hereto.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector (the “Treasurer”) of the County, to act as Paying Agent for the Bonds.

**Bond Insurance.** The scheduled payment of principal and Accreted Value of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy (the “Policy”) to be issued concurrently with the delivery of the Bonds \_\_\_\_ (“\_\_\_”). See “THE BONDS – Bond Insurance” herein.

In the event of a default in the payment of principal or Accreted Value of or interest on the Bonds, when all or some becomes due, any Owner of such Bonds may have a claim under the Policy secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that \_\_\_\_ is unable to make payments of principal or Accreted Value of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that \_\_\_\_ becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As a result of obtaining the Policy, the long-term ratings on the Bonds will be dependent in part on the financial strength of \_\_\_\_ and its claim paying ability. \_\_\_\_’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of \_\_\_\_ and of the ratings on the Bonds insured by \_\_\_\_ will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such Bonds.

## **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements

\* Preliminary, subject to change.

described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS" herein.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2021.\*

### **Bond Owner's Risks**

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES – Bankruptcy" herein.

### **Continuing Disclosure**

Pursuant to the provisions of that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). These covenants have been made in order to assist Stifel, Nicolaus & Company, Incorporated (the "Underwriter") in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure – Current Undertaking" herein. See also "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

### **Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds. Mission Trail Advisors, LLC, Long Beach, California, is acting as municipal advisor (the "Municipal Advisor") to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, and Mission Trail Advisors will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California.

From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds. A member of the Municipal Advisor's firm currently serves as Treasurer of the Board of Directors of the Lynwood Partners Education Foundation (the "Education Foundation"). The Education Foundation was formed in 2015 to provide philanthropic support for the District's schools.

\* Preliminary, subject to change.

## **Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Lynwood Unified School District, 11321 Bullis Road, Lynwood, California 90262, telephone: (310) 886-1601. The District may impose a charge for copying, mailing and handling.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as 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 such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, 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 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

## **THE BONDS**

### **Authority for Issuance**

The Bonds are being issued by the District pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIII A of the State Constitution, and pursuant to a resolution adopted by the Board on June 3, 2021 (the "Resolution").

The District received authorization at an election held on November 6, 2012 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue \$93,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the sixth series of bonds issued under the Authorization, and following the issuance thereof, \$\_\_\_\_\_ \* of the Authorization will remain unissued. See "LYNWOOD UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" herein for additional information about the District's outstanding general obligation bonds.

### **Security and Sources of Payment**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal and Accreted Value of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for general obligation bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representation that the County will do so in future years.

Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal and Accreted Value of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

\* Preliminary, subject to change.

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above 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 Bonds in any year. Fluctuations in the annual debt service on the 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 general market decline in real property values, outbreaks of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

### **Statutory Lien**

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

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

### **Bond Insurance**

[To come.]

### **General Provisions**

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

**Current Interest Bonds.** Interest on the Current Interest Bonds accrues from the Date of Delivery and is payable semiannually on each February 1 and August 1, commencing February 1, 2022. Interest on the Current Interest Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Each Current Interest Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2022, in which event it will bear interest from the Date of Delivery. The Current Interest Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1, in the dates and in the amounts set forth on the inside cover page hereof.

**Capital Appreciation Bonds.** Interest on each Capital Appreciation Bond is represented by the amount each such Bond accretes in value from its respective Denominational Amount on the Date of Delivery to the date for which the Accreted Value is calculated. The value of a Capital Appreciation Bond as of any date (the “Accreted Value”) is calculated by discounting, on a 30-day month, 360-day year basis, its Maturity Value on the basis of a constant rate (the “Accretion Rate”) compounded semiannually on February 1 and August 1 of each year to the date for which the Accreted Value is calculated, and if the date for which the Accreted Value is calculated is between February 1 and August 1, by pro-rating such Accreted Values to the closest prior or subsequent February 1 and August 1.

The Capital Appreciation Bonds will not pay interest on a periodic basis. The Capital Appreciation Bonds accrete in value from their Date of Delivery at the Accretion Rates per annum set forth on the inside cover hereof, compounded semiannually on February 1 and August 1 of each year commencing February 1, 2022. The Maturity Value of a Capital Appreciation Bond is equal to the Accreted Value thereof at its maturity date.

See also the maturity schedule on the inside cover page hereof, “— Annual Debt Service” herein, and “APPENDIX D – ACCRETED VALUES TABLE” attached hereto.

**Payments.** Payment of interest on any Current Interest Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15<sup>th</sup> day of the month immediately preceding such Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and Accreted Value of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal and Accreted Value of, and interest, and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal and Accreted Value of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

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## Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions), together with the aggregate annual debt service requirements for the District's other outstanding general obligation bond issues.

| <u>Year<br/>Ending<br/>(August 1)</u> | <u>Prior<br/>Outstanding Bond<br/>Debt Service</u> | <u>Current Interest Bonds</u>           |                                                      | <u>Capital Appreciation Bonds</u>       |                                                        | <u>Total</u> |
|---------------------------------------|----------------------------------------------------|-----------------------------------------|------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|--------------|
|                                       |                                                    | <u>Annual<br/>Principal<br/>Payment</u> | <u>Annual<br/>Interest<br/>Payment<sup>(1)</sup></u> | <u>Annual<br/>Principal<br/>Payment</u> | <u>Accreted<br/>Interest<br/>Payment<sup>(2)</sup></u> |              |
| 2021                                  | \$5,734,963.36                                     |                                         |                                                      |                                         |                                                        |              |
| 2022                                  | 5,898,713.82                                       |                                         |                                                      |                                         |                                                        |              |
| 2023                                  | 5,460,636.76                                       |                                         |                                                      |                                         |                                                        |              |
| 2024                                  | 5,611,811.36                                       |                                         |                                                      |                                         |                                                        |              |
| 2025                                  | 5,788,986.32                                       |                                         |                                                      |                                         |                                                        |              |
| 2026                                  | 6,003,973.82                                       |                                         |                                                      |                                         |                                                        |              |
| 2027                                  | 6,214,511.82                                       |                                         |                                                      |                                         |                                                        |              |
| 2028                                  | 6,404,499.06                                       |                                         |                                                      |                                         |                                                        |              |
| 2029                                  | 4,354,761.56                                       |                                         |                                                      |                                         |                                                        |              |
| 2030                                  | 4,508,819.46                                       |                                         |                                                      |                                         |                                                        |              |
| 2031                                  | 4,696,658.86                                       |                                         |                                                      |                                         |                                                        |              |
| 2032                                  | 4,904,724.06                                       |                                         |                                                      |                                         |                                                        |              |
| 2033                                  | 5,116,355.06                                       |                                         |                                                      |                                         |                                                        |              |
| 2034                                  | 5,342,995.56                                       |                                         |                                                      |                                         |                                                        |              |
| 2035                                  | 5,572,899.96                                       |                                         |                                                      |                                         |                                                        |              |
| 2036                                  | 5,813,186.26                                       |                                         |                                                      |                                         |                                                        |              |
| 2037                                  | 6,078,647.16                                       |                                         |                                                      |                                         |                                                        |              |
| 2038                                  | 6,333,820.40                                       |                                         |                                                      |                                         |                                                        |              |
| 2039                                  | 6,677,837.50                                       |                                         |                                                      |                                         |                                                        |              |
| 2040                                  | 6,964,525.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2041                                  | 7,261,000.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2042                                  | 6,447,400.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2043                                  | 2,812,400.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2044                                  | 2,925,200.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2045                                  | 3,045,200.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2046                                  | 3,166,800.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2047                                  | 3,289,600.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2048                                  | 3,423,200.00                                       |                                         |                                                      |                                         |                                                        |              |
| 2049                                  | <u>3,556,800.00</u>                                |                                         |                                                      |                                         |                                                        |              |
| Total                                 | <u>\$149,410,927.16</u>                            |                                         |                                                      |                                         |                                                        |              |

(1) Interest on the Current Interest Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022.

(2) The Capital Appreciation Bonds are payable only at maturity on August 1 of the years indicated on the inside cover page hereof, and interest on such Capital Appreciation Bonds is compounded semiannually on February 1 and August 1, commencing February 1, 2022.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure" herein for a breakdown of the debt service requirements the District's general obligation bond debt.

## Application and Investment of Bond Proceeds

The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and to pay the costs of issuance thereof.

**Building Fund.** The net proceeds from the sale of the Bonds will be paid to the County to the credit of the building fund created by the Resolution (the "Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the such Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal and Accreted Value of and interest on the Bonds.

**Debt Service Fund.** Any accrued interest or premium received by the County from the sale of the Bonds, as well as *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be kept separate and apart in the debt service fund created by the Resolution (the "Debt Service Fund") for the Bonds and used only for payment of principal and Accreted Value of and interest on the Bonds. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

**Investment of Proceeds.** Moneys in the Building Fund and Debt Service Fund will be invested through the County's pooled investment fund. See "APPENDIX F – LOS ANGELES COUNTY TREASURY POOL" attached hereto.

## Redemption

**Optional Redemption.\*** The Current Interest Bonds maturing on and before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20\_\_ may be redeemed prior to maturity at the option of the District, from any source of funds, in whole or in part, on August 1, 20\_\_ or on any date thereafter, at a redemption price equal to the principal amount of such Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on and after August 1, 20\_\_ may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 20\_\_ or on any date thereafter, at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds as of the date fixed for redemption, without premium.

\* Preliminary, subject to change.

***Mandatory Redemption.*** \* The Current Interest Bonds maturing on August 1, 20\_\_ (the “20\_\_ Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such 20\_\_ Term Bonds to be so redeemed, the dates therefor, and the final principal payment date are as indicated in the following table:

| <b>Redemption Date<br/>(August 1)</b> | <b>Principal<br/>Amount</b> |
|---------------------------------------|-----------------------------|
|---------------------------------------|-----------------------------|

(1)  
Total:

---

(1) Maturity.

In the event that a portion of the 20\_\_ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such 20\_\_ Term Bonds optionally redeemed.

The Capital Appreciation Bonds maturing on August 1, 20\_\_ (the “20\_\_ Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Accreted Value thereof, as of the date fixed for redemption, without premium. The Accreted Value represented by such 20\_\_ Term Bonds to be so redeemed, the redemption dates therefor, and the final Accreted Value payment date are as indicated in the following table:

| <b>Redemption Date<br/>(August 1)</b> | <b>Accreted<br/>Value</b> |
|---------------------------------------|---------------------------|
|---------------------------------------|---------------------------|

(1)  
Total:

---

(1) Maturity.

In the event that a portion of the 20\_\_ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Maturity Value, in respect of the portion of such 20\_\_ Term Bonds optionally redeemed.

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\* Preliminary, subject to change.

***Selection of Bonds for Redemption.*** Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount or Maturity Value of \$5,000, as applicable, or any integral multiple thereof.

***Redemption Notice.*** When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount or Accreted Value, as applicable, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive 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 Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

***Payment of Redeemed Bonds.*** When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, Accreted Value, interest, and premium, if any) is irrevocably set aside in trust for that purpose,

as described in “— Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

***Partial Redemption of Bonds.*** Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount (which with respect to any outstanding Bonds means the principal amount or Maturity Value thereof, as applicable) to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

***Effect of Redemption Notice.*** If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held in trust so as to be available therefor on such redemption date as described in “—Defeasance” herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue or accrete, as applicable, and become payable. All money held for the redemption of Bonds will be held in trust for the account of the owners of the Bonds so to be redeemed.

***Rescission of Redemption Notice.*** With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “—Defeasance” herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, Accreted Value, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity pursuant to the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

## Book-Entry Only System

*The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. 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.*

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

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](http://www.dtcc.com). However, the information presented on such website is not incorporated herein by any reference to such website.

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 Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of

Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 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 notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 the District as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

#### **Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

*In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.*

The principal and Accreted Value of, premium and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount or Maturity Value thereof, as applicable) upon presentation and surrender at the designated trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 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 Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

#### **Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including

all principal thereof, accrued or accreted interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) **Government Obligations:** by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, and amounts transferred from the Debt Service Fund, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued or accreted interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States 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 United States obligations; and (c) the underlying United States 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 least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) or Moody’s Investors Service (“Moody’s”).

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## ESTIMATED SOURCES AND USES OF FUNDS

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

### Sources of Funds

Principal Amount of Bonds  
[Net] Original Issue Premium  
Total Sources

### Uses of Funds

Deposit to Building Fund  
Deposit to Debt Service Fund  
Costs of Issuance<sup>(1)</sup>  
Underwriter's Discount  
Total Uses

<sup>(1)</sup> Represents all costs of issuance to be paid from proceeds of the Bonds, including but not limited to municipal advisory and legal fees, printing costs, the costs and fees of the Paying Agent, rating agency fees, and the premium for the Policy.

## TAX BASE FOR REPAYMENT OF BONDS

*The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes levied and collected by the County on taxable property in the District, which taxes are unlimited as to rate or amount. The District's general fund is not a source for the repayment of the Bonds.*

### Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of such property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax-collecting authority of the County. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the County will collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with

delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% 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 tax-collecting authority of the County.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "— Secured Tax Charges and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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## Assessed Valuations

The following table shows the District's assessed valuation for fiscal years 2011-12 through 2020-21, each as of the date the equalized assessment roll is established in August of each year.

### ASSESSED VALUATIONS Fiscal Years 2011-12 through 2020-21 Lynwood Unified School District

|         | <u>Local Secured</u> | <u>Utility</u> | <u>Unsecured</u> | <u>Total</u>    | <u>% Change</u> |
|---------|----------------------|----------------|------------------|-----------------|-----------------|
| 2011-12 | \$2,581,850,285      | \$969          | \$66,053,239     | \$2,647,904,493 | --              |
| 2012-13 | 2,639,443,562        | 977            | 64,276,774       | 2,703,721,313   | 2.11%           |
| 2013-14 | 2,543,721,589        | 191            | 49,781,806       | 2,593,503,586   | (4.08)          |
| 2014-15 | 2,649,918,098        | 182            | 50,347,466       | 2,700,265,746   | 4.12            |
| 2015-16 | 2,788,078,961        | 177            | 52,201,242       | 2,840,280,380   | 5.19            |
| 2016-17 | 2,904,727,156        | 159            | 54,395,580       | 2,959,122,895   | 4.18            |
| 2017-18 | 3,055,418,183        | 153            | 54,212,849       | 3,109,631,185   | 5.09            |
| 2018-19 | 3,334,503,542        | 0              | 93,417,752       | 3,427,921,294   | 10.24           |
| 2019-20 | 3,419,396,189        | 0              | 99,234,217       | 3,518,630,406   | 2.65            |
| 2020-21 | 3,705,329,768        | 0              | 63,296,721       | 3,768,626,489   | 7.10            |

Source: California Municipal Statistics, Inc. Percent change calculated based on information provided by California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in real property values, outbreaks of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, wildfire, drought, flood, fire, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

In recent years California has experienced severe drought conditions. In January of 2014, the Governor declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor emergency drought declarations in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 29 counties throughout the State.

In addition, major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

### **Appeals and Adjustments of Assessed Valuations**

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the “SBE”), with the appropriate 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.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

**Assembly Bill 102.** On June 27, 2017, the Governor of the State (the “Governor”) signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all

other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

### Assessed Valuation of Single Family Homes

The following table shows the distribution of single family homes within the District among various fiscal year 2020-21 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

#### ASSESSED VALUATION OF SINGLE FAMILY HOMES Fiscal Year 2020-21 Lynwood Unified School District

| Single Family Residential | 2020-21                      |                           | Average                   |                           | Median                    |                           |
|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                           | <u>No. of</u>                | <u>2020-21</u>            | <u>Average</u>            | <u>Average</u>            | <u>Median</u>             | <u>Median</u>             |
|                           | <u>Parcels</u>               | <u>Assessed Valuation</u> | <u>Assessed Valuation</u> | <u>Assessed Valuation</u> | <u>Assessed Valuation</u> | <u>Assessed Valuation</u> |
|                           | <u>No. of</u>                | <u>% of</u>               | <u>Cumulative</u>         | <u>Total</u>              | <u>% of</u>               | <u>Cumulative</u>         |
|                           | <u>Parcels<sup>(1)</sup></u> | <u>Total</u>              | <u>% of Total</u>         | <u>Valuation</u>          | <u>Total</u>              | <u>% of Total</u>         |
| <u>2020-21</u>            |                              |                           |                           |                           |                           |                           |
| <u>Assessed Valuation</u> |                              |                           |                           |                           |                           |                           |
| \$0 - \$49,999            |                              |                           |                           |                           |                           |                           |
| 50,000 - 99,999           |                              |                           |                           |                           |                           |                           |
| 100,000 - 149,999         |                              |                           |                           |                           |                           |                           |
| 150,000 - 199,999         |                              |                           |                           |                           |                           |                           |
| 200,000 - 249,999         |                              |                           |                           |                           |                           |                           |
| 250,000 - 299,999         |                              |                           |                           |                           |                           |                           |
| 300,000 - 349,999         |                              |                           |                           |                           |                           |                           |
| 350,000 - 399,999         |                              |                           |                           |                           |                           |                           |
| 400,000 - 449,999         |                              |                           |                           |                           |                           |                           |
| 450,000 - 499,999         |                              |                           |                           |                           |                           |                           |
| 500,000 - 549,999         |                              |                           |                           |                           |                           |                           |
| 550,000 - 599,999         |                              |                           |                           |                           |                           |                           |
| 600,000 - 649,999         |                              |                           |                           |                           |                           |                           |
| 650,000 - 699,999         |                              |                           |                           |                           |                           |                           |
| 700,000 - 749,999         |                              |                           |                           |                           |                           |                           |
| 750,000 - 799,999         |                              |                           |                           |                           |                           |                           |
| 800,000 - 849,999         |                              |                           |                           |                           |                           |                           |
| 850,000 - 899,999         |                              |                           |                           |                           |                           |                           |
| 900,000 - 949,999         |                              |                           |                           |                           |                           |                           |
| 950,000 - 999,999         |                              |                           |                           |                           |                           |                           |
| 1,000,000-and greater     |                              |                           |                           |                           |                           |                           |

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

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## Assessed Valuations and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2020-21 assessed valuation of such parcels.

### ASSESSED VALUATION AND PARCELS BY LAND USE Fiscal Year 2020-21 Lynwood Unified School District

|                                 | 2020-21<br><u>Assessed Valuation</u> <sup>(1)</sup> | % of<br><u>Total</u> | No. of<br><u>Parcels</u> | % of<br><u>Total</u> |
|---------------------------------|-----------------------------------------------------|----------------------|--------------------------|----------------------|
| <b><u>Non-Residential:</u></b>  |                                                     |                      |                          |                      |
| Agricultural                    |                                                     |                      |                          |                      |
| Commercial                      |                                                     |                      |                          |                      |
| Professional/Office             |                                                     |                      |                          |                      |
| Industrial                      |                                                     |                      |                          |                      |
| Recreational                    |                                                     |                      |                          |                      |
| Government/Social/Institutional |                                                     |                      |                          |                      |
| Miscellaneous                   |                                                     |                      |                          |                      |
| Subtotal Non-Residential        |                                                     |                      |                          |                      |
| <b><u>Residential:</u></b>      |                                                     |                      |                          |                      |
| Single Family Residence         |                                                     |                      |                          |                      |
| Condominium/Townhouse           |                                                     |                      |                          |                      |
| Mobile Home                     |                                                     |                      |                          |                      |
| Mobile Home Park                |                                                     |                      |                          |                      |
| 2-4 Residential Units           |                                                     |                      |                          |                      |
| 5+ Residential Units/Apartments |                                                     |                      |                          |                      |
| Residential Miscellaneous       |                                                     |                      |                          |                      |
| Subtotal Residential            |                                                     |                      |                          |                      |

Vacant Parcels

Total

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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### Assessed Valuation by Jurisdiction

The following table shows the distribution of taxable property within the boundaries of the District by jurisdiction, as measured by assessed valuation for fiscal year 2020-21.

#### ASSESSED VALUATION AND PARCELS BY JURISDICTION Fiscal Year 2020-21 Lynwood Unified School District

| <u>Jurisdiction:</u> | <u>Assessed Valuation<br/>in District</u> | <u>% of<br/>District</u> | <u>Assessed Valuation<br/>of Jurisdiction</u> | <u>% of Jurisdiction<br/>in District</u> |
|----------------------|-------------------------------------------|--------------------------|-----------------------------------------------|------------------------------------------|
|----------------------|-------------------------------------------|--------------------------|-----------------------------------------------|------------------------------------------|

#### Summary by County:

*Source: California Municipal Statistics, Inc.*

### Secured Tax Charges and Delinquencies

The County levies and collects all property taxes for property falling within the County's taxing boundaries. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum \$10 cost on the second installment, plus any additional amount determined by the Treasurer. See "— *Ad Valorem* Property Taxation" herein.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

In addition, 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 were suspended until May 6, 2021 to the extent said provisions required 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 became delinquent, subject to certain conditions set forth in Order N-61-20. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

The following table shows the secured *ad valorem* property tax levies within the District and the amounts delinquent as of June 30, for fiscal years 2010-11 through 2019-20.

**SECURED TAX CHARGES AND DELINQUENCIES**  
**Fiscal Years 2010-11 through 2019-20**  
**Lynwood Unified School District**

|         | <b>Secured<br/>Tax Charge<sup>(1)</sup></b> | <b>Amt. Del.<br/>June 30</b> | <b>% Del.<br/>June 30</b> |
|---------|---------------------------------------------|------------------------------|---------------------------|
| 2010-11 | \$5,005,734.02                              | \$120,482.19                 | 2.41%                     |
| 2011-12 | 5,107,569.09                                | 106,906.33                   | 2.09                      |
| 2012-13 | 5,243,143.50                                | 94,510.33                    | 1.80                      |
| 2013-14 | 5,043,146.43                                | 74,574.43                    | 1.48                      |
| 2014-15 | 5,269,881.40                                | 76,141.83                    | 1.44                      |
| 2015-16 | 5,563,616.67                                | 79,179.79                    | 1.42                      |
| 2016-17 | 5,787,691.12                                | 68,974.44                    | 1.19                      |
| 2017-18 | 6,125,713.71                                | 76,349.30                    | 1.25                      |
| 2018-19 | 6,748,000.43                                | 92,509.95                    | 1.37                      |
| 2019-20 |                                             |                              |                           |

|         | <b>Secured<br/>Tax Charge<sup>(2)</sup></b> | <b>Amt. Del.<br/>June 30</b> | <b>% Del.<br/>June 30</b> |
|---------|---------------------------------------------|------------------------------|---------------------------|
| 2010-11 | \$1,244,197.60                              | \$128,470.11                 | 10.33%                    |
| 2011-12 | 1,317,151.73                                | 130,247.54                   | 9.89                      |
| 2012-13 | 1,320,062.13                                | 120,789.09                   | 9.15                      |
| 2013-14 | 3,027,205.86                                | 83,746.91                    | 2.77                      |
| 2014-15 | 2,239,900.99                                | 56,583.65                    | 2.53                      |
| 2015-16 | 2,650,546.18                                | 47,341.45                    | 1.79                      |
| 2016-17 | 2,973,502.81                                | 48,565.53                    | 1.63                      |
| 2017-18 | 5,779,695.62                                | 89,749.02                    | 1.55                      |
| 2018-19 | 3,808,881.71                                | 59,394.88                    | 1.56                      |
| 2019-20 |                                             |                              |                           |

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

(2) General obligation bond debt service levy.

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 "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

**Alternative Method of Tax Apportionment - "Teeter Plan"**

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the**

**Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes, including *ad valorem* property taxes for the payment of the Bonds, is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2019-20 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to pay the Bonds. See also "*Ad Valorem* Property Taxation" herein

## **Tax Rates**

A representative tax rate area ("TRA") located within the District is TRA 6089. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2016-17 through 2020-21.

### **SUMMARY OF *AD VALOREM* PROPERTY TAX RATES**

**Fiscal Years 2016-17 through 2020-21**

**Typical Total Tax Rates (TRA 6089)<sup>(1)</sup>**

**Lynwood Unified School District**

|                                    | <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%      |
| City of Lynwood                    | .125000        | .125000        | .125000        | .125000        |                |
| Lynwood Unified School District    | .103080        | .190141        | .117374        | .188737        |                |
| Compton Community College District | .021936        | .022806        | .045071        | .046868        |                |
| Metropolitan Water District        | <u>.003500</u> | <u>.003500</u> | <u>.003500</u> | <u>.003500</u> |                |
| Total                              | 1.253516%      | 1.341447%      | 1.290945%      | 1.364105%      |                |

<sup>(1)</sup> The fiscal year 2020-21 assessed valuation of TRA 6089 is \$ \_\_\_\_\_, representing \_\_\_\_% of the District's total fiscal year 2020-21 assessed valuation.

Source: California Municipal Statistics, Inc.

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## Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2020-21 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

### LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2020-21 Lynwood Unified School District

|     | <u>Property Owner</u>                | <u>Primary Land Use</u> | <u>2020-21<br/>Assessed Valuation</u> | <u>% of<br/>Total<sup>(1)</sup></u> |
|-----|--------------------------------------|-------------------------|---------------------------------------|-------------------------------------|
| 1.  | Terreno Lynwood LLC                  | Industrial              | \$64,222,263                          | 1.73%                               |
| 2.  | Plamex Investment LLC                | Shopping Center         | 47,726,430                            | 1.29                                |
| 3.  | Duke Realty LP                       | Industrial              | 41,346,159                            | 1.12                                |
| 4.  | Duke Lynwood LP                      | Industrial              | 30,328,791                            | 0.82                                |
| 5.  | Albi Lynwood Investments LLC         | Commercial              | 20,036,147                            | 0.54                                |
| 6.  | NHP PMB St. Francis Lynwood          | Office Building         | 19,467,135                            | 0.53                                |
| 7.  | EK Lynwood LLC                       | Shopping Center         | 16,469,947                            | 0.44                                |
| 8.  | 805 Property LLC                     | Shopping Center         | 14,664,229                            | 0.40                                |
| 9.  | Urban LLC                            | Shopping Center         | 12,086,627                            | 0.33                                |
| 10. | Arturo and Juanita Barrera, Trustees | Apartments              | 11,334,926                            | 0.31                                |
| 11. | Sohail S. Mahboubian Trust           | Medical Building        | 11,117,469                            | 0.30                                |
| 12. | El Segundo Boulevard Property        | Apartments              | 10,632,040                            | 0.29                                |
| 13. | BGN Properties Palm Gate LP          | Apartments              | 9,365,661                             | 0.25                                |
| 14. | Deborah Drooz                        | Commercial              | 8,623,046                             | 0.23                                |
| 15. | Tony Trinh Trust                     | Commercial              | 8,551,208                             | 0.23                                |
| 16. | Nova Storage Lynwood LP              | Industrial              | 8,230,892                             | 0.22                                |
| 17. | NP Wright LLC                        | Industrial              | 8,043,720                             | 0.22                                |
| 18. | Kurt S. & Sandra L. Demeire          | Apartments              | 7,749,309                             | 0.21                                |
| 19. | Melcar Investments LP                | Apartments              | 7,693,473                             | 0.21                                |
| 20. | Sunshine Capital Group LLC           | Medical Building        | <u>7,647,338</u>                      | <u>0.21</u>                         |
|     |                                      |                         | \$365,336,810                         | 9.86%                               |

<sup>(1)</sup> The fiscal year 2020-21 local secured assessed valuation of the District is \$3,705,329,768.

Source: California Municipal Statistics, Inc.

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## Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of \_\_\_\_\_, 2021, for debt issued as of \_\_\_\_\_, 2021. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**Lynwood Unified School District**

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<sup>(1)</sup> Excludes the Bonds.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

*Source: California Municipal Statistics, Inc.*

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal and Accreted Value of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy ad valorem property taxes on behalf of the District and the District to 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 County 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, Article XIII C, and all applicable laws.*

### Article XIII A of the California Constitution

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

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by State voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A

requires the approval of two-thirds or more of all members of the legislature of the State (the “State Legislature”) to change any State taxes for the purpose of increasing tax revenues.

### **Proposition 19**

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

### **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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

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

### **Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120

percent of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than Intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

### **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. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See also "DISTRICT FINANCIAL INFORMATION" herein.

### **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. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to 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 bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article 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.

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

## **Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (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 XIIC and Article XIID of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIC and XIID (respectively, "Article XIIC" and "Article XIID"), 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 State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIC 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 XIIC 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 State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

### **Propositions 98 and 111**

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

actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

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

- a. 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 State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article 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 such districts' 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.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit" (i) for "qualified capital outlay projects" as defined by the Legislature, and (ii) 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 State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

- d. 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.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") 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 ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school district 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a credit (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

### **Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (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. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property, such that 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election would not exceed \$60 (for a unified school district), \$30 (for a high school district, such as the District, or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See “- Article XIII A of the California Constitution” herein.

### **Proposition 1A and Proposition 22**

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

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

### **Proposition 55**

The California Children’s Education and Health Care Protection Act of 2016 (also known as “Proposition 55”) is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less

than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

#### ***Jarvis vs. Connell***

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District’s budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

#### **Proposition 2**

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general

fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

**SB 858.** Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which

the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

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

The Bonds are payable solely from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal and Accreted Value of and interest on the Bonds as and when due.

## **Proposition 51**

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

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

**Community College Facilities.** Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project

proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual State budget process.

The District makes no representation or guarantee that it will either pursue or qualify for Proposition 51 State facilities funding.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 51, and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## **DISTRICT FINANCIAL INFORMATION**

*The information in this section concerning the District's general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of and interest on the Bonds are payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### **State Funding of Education**

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

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

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

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below.

During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "— State Budget" herein for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. The LCFF also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2020-21, as well as budgeted figures for fiscal year 2021-22. The District's ADA and enrolment may be impacted by the ongoing COVID-19 pandemic. See "- Considerations Regarding COVID-19" herein.

**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**  
**Fiscal Years 2013-14 through 2021-22**  
**Lynwood Unified School District**

| <b>Fiscal<br/>Year</b> | <b>Average Daily Attendance<sup>(1)</sup></b> |            |            |             |                      | <b>Enrollment</b>                         |                                                    |
|------------------------|-----------------------------------------------|------------|------------|-------------|----------------------|-------------------------------------------|----------------------------------------------------|
|                        | <b>K-3</b>                                    | <b>4-6</b> | <b>7-8</b> | <b>9-12</b> | <b>Total<br/>ADA</b> | <b>Total<br/>Enrollment<sup>(2)</sup></b> | <b>% of<br/>EL/LI<br/>Enrollment<sup>(3)</sup></b> |
| 2013-14                | 4,746                                         | 3,069      | 2,052      | 4,322       | 14,198               | 14,919                                    | 92%                                                |
| 2014-15                | 4,517                                         | 3,285      | 2,025      | 4,327       | 14,154               | 14,776                                    | 96                                                 |
| 2015-16                | 4,392                                         | 3,392      | 1,992      | 4,254       | 14,030               | 14,830                                    | 96                                                 |
| 2016-17                | 4,320                                         | 3,361      | 2,009      | 4,091       | 13,781               | 14,454                                    | 95                                                 |
| 2017-18                | 4,170                                         | 3,210      | 2,100      | 3,932       | 13,412               | 14,211                                    | 92                                                 |
| 2018-19                | 3,905                                         | 3,036      | 2,041      | 3,841       | 12,824               | 13,802                                    | 94                                                 |
| 2019-20                |                                               |            |            |             |                      |                                           |                                                    |
| 2020-21                |                                               |            |            |             |                      |                                           |                                                    |
| 2021-22 <sup>(4)</sup> |                                               |            |            |             |                      |                                           |                                                    |

Note: ADA numbers may not add due to rounding.

- (1) Except for fiscal year 2021-22, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. Due to the outbreak of COVID-19, for the 2019-20 school year, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “-Considerations Regarding COVID-19” herein.
- (2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.
- (3) For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15, or the current year percentage of EL/LI enrollment, whichever was greater. Since fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students has been based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
- (4) Budgeted.

Source: Lynwood Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the implementation period of the LCFF. The District did not qualify for the ERT add-on.

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

Certain school districts, known as “community funded” districts (or alternatively as “basic aid” districts), have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive certain other non -LCFF State funding, which is deemed to satisfy the “basic aid” requirement guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community funded district, and does not expect to in future fiscal years.

**Accountability.** Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

**Support and Intervention.** AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

**Other State Sources.** In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

### Other Revenue Sources

**Federal and Local Sources.** The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, lottery funds and other local sources.

**Developer Fees.** The District levies and collects developer fees (the “Developer Fees”) on commercial and residential development within the District. The Developer Fees received by the District are deposited into the District’s Capital Facilities Fund and are required to be used for facility improvements and construction necessitated by student population increases resulting from such development. The table below sets forth the Developer Fees collected by the District for fiscal years 2016-17 through 2020-21 and the budgeted amount for fiscal year 2021-22.

**DEVELOPER FEES**  
**Fiscal Years 2016-17 through 2021-22**  
**Lynwood Unified School District**

| <b>Fiscal Year</b>     | <b>Developer Fees</b> |
|------------------------|-----------------------|
| 2016-17                | \$4,655,822           |
| 2017-18                | 3,770,566             |
| 2018-19                | 4,519,779             |
| 2019-20                | 4,653,277             |
| 2020-21 <sup>(1)</sup> |                       |
| 2021-22 <sup>(2)</sup> |                       |

<sup>(1)</sup> Estimated.

<sup>(2)</sup> Budgeted.

Source: Lynwood Unified School District.

**Redevelopment Revenues.** The District receives pass-through tax increment revenue (“Redevelopment Revenue”) from successor agencies to certain redevelopment agencies established by the Cities of Fontana, Montclair and Lynwood. The District accounts for the Redevelopment Revenues in a special revenue fund separately from its general fund. The table below sets forth the Redevelopment Revenue collected by the District for fiscal years 2016-17 through 2020-21 and the budgeted amount for fiscal year 2021-22.

**REDEVELOPMENT REVENUES**  
**Fiscal Years 2016-17 through 2021-22**  
**Lynwood Unified School District**

| <b>Fiscal Year</b>     | <b>Redevelopment Revenues</b> |
|------------------------|-------------------------------|
| 2016-17                | \$3,384,926                   |
| 2017-18                | 3,656,231                     |
| 2018-19                | 4,085,982                     |
| 2019-20                | 4,356,539                     |
| 2020-21 <sup>(1)</sup> |                               |
| 2021-22 <sup>(2)</sup> |                               |

<sup>(1)</sup> Estimated.

<sup>(2)</sup> Budgeted.

Source: Lynwood Unified School District.

The District, however, can make no representations that the Redevelopment Revenues will continue to be received by the District in amounts consistent with prior years, or as currently budgeted, particularly in light of the legislation eliminating redevelopment agencies.

**State Dissolution of Redevelopment Agencies**

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABX1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABX1 27, a companion bill to ABX1 26, violated the State Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. ABX1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

ABX1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABX1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABX1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed \$250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the State Department of Finance (the "DOF") that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

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

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

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

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

## Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current coronavirus (“COVID-19”) outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriated over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 (“CRRSA”), which includes approximately \$900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provides approximately \$82 billion of COVID-19 related relief for education, including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. See also “- State Budget” herein. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the “American Rescue Plan”), which will provide approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which took effect immediately. SB 89 amended the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specified that for school districts that comply with Executive Order N-26-20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevented the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) required a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriated \$100,000,000 from the State general fund

to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

The District received \$\_\_\_\_\_ pursuant to SB 117 for personal protective equipment, \$\_\_\_\_\_ in Coronavirus Relief Funds pursuant to the CARES Act based on the District's LCFF Supplemental and Concentration Grant funding for learning loss mitigation, \$\_\_\_\_\_ in CARES Act Elementary and Secondary School Emergency Relief (ESSER) funding based on Title I status, \$\_\_\_\_\_ in federal Governor's Emergency Education Relief (GEER) funding related to students with disabilities, and \$\_\_\_\_\_ in additional Proposition 98 funding based on the District's 2019-20 LCFF allocation. Additionally, a second round of federal stimulus is projected to provide the District with \$\_\_\_\_\_ in ESSER II funds. However, no assurances can be given that the District will ultimately receive the moneys it expects to receive from the CARES Act, ESSER, ESSER II, GEER or the State, or any additional future State or federal funds related to COVID-19, or the timing of receipt of such funds.

To date there have been a number of confirmed cases of COVID-19 in the County and no representation can be made as to whether the number of cases will grow. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("Executive Order N-60-20"), which directed the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The order provided that stages would be phased in gradually, and counties which met readiness criteria and worked with the State Department of Public Health could open more public spaces and workplaces, as outlined by the State, with variances allowed by county. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, and took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provided requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. For additional information about the provisions of SB 98, see "— State Budget – 2020-21 State Budget" herein.

On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). On August 28, 2020, the Governor revised the Stay at Home Order and released a revised system of guidelines for reopening –

"Blueprint for a Safer Economy" (the "Blueprint"). The Blueprint places each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must remain in a tier for at least three weeks before advancing to the next one. To move forward, a county must meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fall into different tiers, the county remains in the stricter tier. The County is currently assigned to the yellow tier.

Under the Blueprint, schools can reopen for in-person instruction in accordance with the California Department of Public Health's "COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year" (the "Guidelines"). The Guidelines became effective January 25, 2021, were most recently updated on February 22, 2021, and consolidate and update prior State public health guidance and orders related to schools. Pursuant to the Guidelines, prior to reopening for in-person instruction, all schools must complete and post to their website a COVID-19 Safety Plan ("CSP"), and, if in the purple tier, submit the CSP to the local health department and the State Safe Schools for All Team. Schools in the red, orange and yellow tiers may reopen for in-person instruction at all grades. Schools serving grades 7-12 in the purple tier may not reopen for in-person instruction. Schools serving grades K-6 may open for in-person instruction in the purple tier if the adjusted case rate is less than 25 cases per 100,000 population. Schools have a three-week period to open, starting the day the county meets the criterion for reopening, even if the county stops meeting the criterion during that window. If a school opened while the county was in the red, orange, or yellow tier, and the county reverts to the purple tier, or if a school opened while the county was in the purple tier, and the county case rate later exceeds the criteria described above, individual school sites may not be required to close. K-6 schools in the purple tier that had received a waiver under previous guidance from the State and had subsequently begun their reopening of in-person instruction may also continue to offer in-person instruction.

On November 19, 2020, the State Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under Tier One (Purple) of the Blueprint for a Safer Economy, requiring that all gatherings with members of other households and all activities conducted outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the "Regional Stay at Home Order"), and a supplemental order, signed December 6, 2020, which divided the State into four regions (Northern California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which went into effect at 11:59 PM the day after a region has been announced to have less than 15% ICU availability. The supplemental order clarified retail operations and went into effect immediately. The orders prohibited private gatherings of any size, closed sector operations except for critical infrastructure and retail, and required 100% masking and physical distancing in all others. Guidance related to schools remains in effect and unchanged. Schools that have reopened for in-person instruction may remain open, and schools may continue to bring students back for in-person instruction under the existing elementary school waiver process or cohort guidance provided by the California Department of Public Health. The Regional Stay at Home Order went into effect in the County on December 6, 2020 and was lifted on January 25, 2021, with all counties returning to restrictions according to their respective tiers under the Blueprint.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year and began instruction through distance learning. The District opened the 2020-21 school year in an all distance learning environment. On March 1, 2021, elementary

schools returned to in-person learning, and on May 3, 2021 middle and high schools returned to in-person learning, both via a hybrid learning program. Under the hybrid learning program, rotating cohorts of interested students attend school in-person two days per week, and participate in online instruction two and a half days per week. Distanced learning continues to be offered for families that opt not to send their children to in-person instruction. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials in implementing the District's plans for the 2020-21 and 2021-22 academic years.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in property tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a 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. See "LYNWOOD UNIFIED SCHOOL DISTRICT – District Retirement Systems" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Los Angeles County Department of Public Health (<http://publichealth.lacounty.gov/>), the Governor's office (<http://www.gov.ca.gov>) and the State Department of Public Health (<https://covid19.ca.gov/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, State and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding SB 117 or the Blueprint, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

## **Budget Process**

***State Budgeting Requirements.*** The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

***Interim Financial Reports.*** Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education 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 either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District most recently filed its first interim financial report for fiscal year 2020-21 with a qualified designation. For its second interim financial report for fiscal year 2021-22, the District filed, and the County Office of Education accepted, a positive certification.

***General Fund Budgeting Trends.*** The table on the following page summarizes the District's adopted general fund budgets for fiscal years 2017-18 through 2021-22, ending results for fiscal years 2017-18 through 2019-20, and estimated totals for fiscal year 2020-21.

**GENERAL FUND BUDGETING<sup>(1)</sup>**  
**Fiscal Years 2017-18 through 2021-22**  
**Lynwood Unified School District**

|                                                                  | 2017-18 <sup>(2)</sup> |                     | 2018-19 <sup>(2)</sup> |                     | 2019-20 <sup>(2)</sup> |                     | 2020-21                 |                          | 2021-22                 |                         |
|------------------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|-------------------------|--------------------------|-------------------------|-------------------------|
|                                                                  | Budgeted               | Ending              | Budgeted               | Ending              | Budgeted               | Ending              | Budgeted <sup>(3)</sup> | Estimated <sup>(4)</sup> | Budgeted <sup>(4)</sup> | Budgeted <sup>(4)</sup> |
| <b>REVENUES</b>                                                  |                        |                     |                        |                     |                        |                     |                         |                          |                         |                         |
| LFFF Sources                                                     | \$151,754,552          | \$151,784,783       | \$156,796,689          | \$156,271,482       | \$155,715,737          | \$154,556,101       | \$138,381,675           |                          |                         |                         |
| Federal                                                          | 10,318,237             | 8,968,610           | 9,860,430              | 11,043,765          | 11,121,783             | 8,777,808           | 20,906,815              |                          |                         |                         |
| Other State                                                      | 11,634,389             | 22,530,895          | 10,364,105             | 27,605,528          | 10,379,738             | 26,802,983          | 13,700,846              |                          |                         |                         |
| Other Local                                                      | 683,000                | 1,980,209           | 709,500                | 4,021,947           | 1,390,500              | 2,842,220           | 1,040,000               |                          |                         |                         |
| <b>Total Revenues</b>                                            | <b>174,390,178</b>     | <b>185,264,497</b>  | <b>177,730,724</b>     | <b>198,942,722</b>  | <b>178,607,758</b>     | <b>192,979,112</b>  | <b>174,029,336</b>      |                          |                         |                         |
| <b>EXPENDITURES</b>                                              |                        |                     |                        |                     |                        |                     |                         |                          |                         |                         |
| Current                                                          |                        |                     |                        |                     |                        |                     |                         |                          |                         |                         |
| Certificated Salaries                                            | 67,217,165             | 71,025,566          | 68,143,634             | 72,560,656          | 71,561,581             | 75,098,152          | 71,232,876              |                          |                         |                         |
| Classified Salaries                                              | 30,570,490             | 28,844,867          | 30,619,487             | 30,373,692          | 31,430,027             | 32,770,329          | 34,405,724              |                          |                         |                         |
| Employee Benefits                                                | 36,269,089             | 40,026,530          | 39,082,934             | 49,735,091          | 39,395,172             | 51,374,135          | 42,276,682              |                          |                         |                         |
| Books and Supplies                                               | 12,294,714             | 8,623,831           | 14,964,151             | 9,278,350           | 10,069,370             | 7,567,053           | 15,737,198              |                          |                         |                         |
| Services and Operating Expenses                                  | 26,228,294             | 23,082,964          | 26,015,458             | 25,225,465          | 28,681,029             | 27,148,923          | 25,011,224              |                          |                         |                         |
| Capital Outlay                                                   | 2,034,778              | 475,966             | 463,580                | 2,174,797           | 421,449                | 217,508             | 318,026                 |                          |                         |                         |
| Other Outgo                                                      | 4,969,949              | 3,090,364           | 3,404,861              | 5,865,865           | 1,169,000              | (338,175)           | 1,686,351               |                          |                         |                         |
| Transfers of Indirect Costs                                      | --                     | --                  | --                     | --                  | --                     | --                  | (300,000)               |                          |                         |                         |
| Debt Service                                                     |                        |                     |                        |                     |                        |                     |                         |                          |                         |                         |
| Principal                                                        | --                     | 995,452             | --                     | 520,000             | --                     | 609,909             | --                      |                          |                         |                         |
| Interest                                                         | --                     | 404,422             | --                     | 869,937             | --                     | 760,806             | --                      |                          |                         |                         |
| <b>Total Expenditures</b>                                        | <b>179,584,479</b>     | <b>176,569,962</b>  | <b>182,694,105</b>     | <b>196,603,853</b>  | <b>182,727,628</b>     | <b>195,208,640</b>  | <b>190,368,081</b>      |                          |                         |                         |
| <b>EXCESS (DEFICIENCY) OR REVENUES OVER (UNDER) EXPENDITURES</b> | <b>(5,194,301)</b>     | <b>8,694,535</b>    | <b>(4,963,381)</b>     | <b>2,338,869</b>    | <b>(4,119,870)</b>     | <b>(2,229,528)</b>  | <b>(16,338,745)</b>     |                          |                         |                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                        |                     |                        |                     |                        |                     |                         |                          |                         |                         |
| Interfund Transfers in                                           | --                     | --                  | --                     | --                  | --                     | --                  | --                      |                          |                         |                         |
| Interfund Transfers out                                          | (665,121)              | (3,664,965)         | (2,268,153)            | (1,227,533)         | (2,020,735)            | (645,300)           | (2,027,458)             |                          |                         |                         |
| Total Other Financing Sources and Uses                           | (665,121)              | (3,664,965)         | (2,268,153)            | (1,227,533)         | (2,020,735)            | (645,300)           | (2,027,458)             |                          |                         |                         |
| <b>NET CHANGE IN FUND BALANCES</b>                               | <b>(5,859,422)</b>     | <b>5,029,570</b>    | <b>(7,231,534)</b>     | <b>1,111,336</b>    | <b>(6,140,605)</b>     | <b>(3,140,043)</b>  | <b>(18,366,203)</b>     |                          |                         |                         |
| <b>Fund Balance, July 1</b>                                      | <b>31,498,508</b>      | <b>31,498,508</b>   | <b>36,528,078</b>      | <b>36,528,078</b>   | <b>37,639,414</b>      | <b>37,639,414</b>   | <b>36,441,117</b>       |                          |                         |                         |
| <b>Audit Adjustments</b>                                         | <b>--</b>              | <b>--</b>           | <b>--</b>              | <b>--</b>           | <b>--</b>              | <b>--</b>           | <b>--</b>               |                          |                         |                         |
| <b>Fund Balance, June 30</b>                                     | <b>\$25,639,086</b>    | <b>\$36,528,078</b> | <b>\$29,296,544</b>    | <b>\$37,639,414</b> | <b>\$31,498,809</b>    | <b>\$34,499,371</b> | <b>\$18,075,914</b>     |                          |                         |                         |

(1) Reflects restricted and unrestricted general fund in all years, as well as the Adult Education Fund and Deferred Maintenance Fund in fiscal years 2017-18 through 2019-20.  
(2) From the District's Audited Financial Statements for fiscal years 2017-18 through 2019-20, respectively. On behalf payments are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of the Adult Education Fund and Deferred Maintenance Fund for reporting purposes into the general fund, revenues and expenditures pertaining to those other funds are included in the actual revenues and expenditures, but have not been included in the budgets.  
(3) From the District's Fiscal Year 2020-21 Second Interim Financial Report, approved by the Board on March 11, 2021.  
(4) From the District's Fiscal Year 2021-22 Adopted Budget, approved by the Board on \_\_\_\_\_.  
Source: *Lynwood Unified School District*.

### **Accounting Practices**

The accounting policies 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 Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

### **Comparative Financial Statements**

Audited financial statements for the District for the fiscal year ended June 30, 2020, and prior fiscal years are on file with the District and available for public inspection at the office of the Chief Business Official, Lynwood Unified School District, 11321 Bullis Road, Lynwood, California 90262, telephone: (310) 886-1601. The District's audited financial statements for the year ended June 30, 2020 are attached hereto as APPENDIX B. The table on the following page reflects the District's audited general fund revenues, expenditures and changes in fund balance for fiscal years 2015-16 through 2019-20.

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**AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES<sup>(1)</sup>**  
**Fiscal Years 2015-16 through 2019-20**  
**Lynwood Unified School District**

|                                                                                                                          | <u>2015-16</u>      | <u>2016-17</u>      | <u>2017-18</u>      | <u>2018-19</u>      | <u>2019-20</u>      |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                                                                                                          |                     |                     |                     |                     |                     |
| LCFF Sources                                                                                                             | \$141,229,611       | \$148,815,620       | \$151,784,783       | \$156,271,482       | \$154,556,101       |
| Federal                                                                                                                  | 11,282,472          | 9,540,896           | 8,968,610           | 11,043,765          | 8,777,808           |
| Other State                                                                                                              | 26,131,536          | 26,238,212          | 22,530,895          | 27,605,528          | 26,802,983          |
| Other Local                                                                                                              | <u>2,552,645</u>    | <u>1,837,319</u>    | <u>1,980,209</u>    | <u>4,021,947</u>    | <u>2,842,220</u>    |
| <b>Total Revenues</b>                                                                                                    | 181,196,264         | 186,432,047         | 185,264,497         | 198,942,722         | 192,979,112         |
| <b>EXPENDITURES</b>                                                                                                      |                     |                     |                     |                     |                     |
| Current                                                                                                                  |                     |                     |                     |                     |                     |
| Instruction                                                                                                              | 92,934,703          | 99,155,838          | 99,090,665          | 112,018,804         | 112,933,203         |
| Instruction-related activities:                                                                                          |                     |                     |                     |                     |                     |
| Supervisions of instruction                                                                                              | 8,357,329           | 8,439,603           | 8,519,388           | 8,313,502           | 8,951,992           |
| Instructional library, media and technology                                                                              | 983,237             | 1,043,475           | 1,148,871           | 1,221,814           | 1,258,131           |
| School site administration                                                                                               | 12,425,497          | 12,606,916          | 12,622,557          | 13,670,552          | 14,152,593          |
| Pupil services:                                                                                                          |                     |                     |                     |                     |                     |
| Home-to-school transportation                                                                                            | 1,534,909           | 2,797,129           | 1,562,591           | 2,404,223           | 2,164,726           |
| Food services                                                                                                            | --                  | --                  | --                  | 139,315             | 79,531              |
| All other pupil services                                                                                                 | 9,235,263           | 9,558,541           | 10,428,723          | 11,831,103          | 12,761,157          |
| Administration:                                                                                                          |                     |                     |                     |                     |                     |
| Data processing                                                                                                          | 3,878,519           | 4,011,356           | 4,366,407           | 3,825,650           | 4,059,838           |
| All other administration                                                                                                 | 9,270,042           | 9,304,033           | 10,225,755          | 10,947,053          | 11,617,342          |
| Plant services                                                                                                           | 21,526,954          | 21,465,356          | 21,532,374          | 23,759,922          | 23,811,289          |
| Facility acquisition and construction                                                                                    | 1,529,708           | 2,591,201           | 333,871             | 1,986,918           | 197,004             |
| Ancillary services                                                                                                       | 634,352             | 1,058,483           | 964,216             | 1,115,936           | 929,974             |
| Community services                                                                                                       | 867,856             | 881,670             | 921,698             | 926,674             | 920,977             |
| Other outgo                                                                                                              | 3,451,761           | 2,411,259           | 3,452,972           | 3,052,450           | --                  |
| Enterprise services                                                                                                      | --                  | --                  | --                  | --                  | 168                 |
| Debt service                                                                                                             |                     |                     |                     |                     |                     |
| Principal                                                                                                                | 1,324,510           | 1,230,452           | 995,452             | 520,000             | 609,909             |
| Interest and other                                                                                                       | <u>2,326,349</u>    | <u>812,695</u>      | <u>404,422</u>      | <u>869,937</u>      | <u>760,806</u>      |
| <b>Total Expenditures</b>                                                                                                | 170,280,989         | 177,368,007         | 176,569,962         | 196,603,853         | 195,208,640         |
| <b>EXCESS (DEFICIENCY) OR REVENUES OVER (UNDER) EXPENDITURES</b>                                                         | 10,915,275          | 9,064,040           | 8,694,535           | 2,338,869           | (2,229,528)         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                                                                    |                     |                     |                     |                     |                     |
| Interfund Transfers in                                                                                                   | --                  | --                  | --                  | --                  | --                  |
| Other sources                                                                                                            | 19,295,365          | --                  | --                  | --                  | --                  |
| Interfund transfers out                                                                                                  | (816,631)           | (416,000)           | (3,664,965)         | (1,227,533)         | (645,300)           |
| Other uses                                                                                                               | <u>(17,603,804)</u> | --                  | --                  | --                  | <u>(265,215)</u>    |
| <b>Total Other Financing Sources and Uses</b>                                                                            | 874,930             | (416,000)           | (3,664,965)         | (1,227,533)         | (910,515)           |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources</b> | 11,790,205          | 8,648,040           | 5,029,570           | 1,111,336           | (3,140,043)         |
| <b>Fund Balance, July 1</b>                                                                                              | <u>11,060,263</u>   | <u>22,850,468</u>   | <u>31,498,508</u>   | <u>36,528,078</u>   | <u>37,639,414</u>   |
| <b>Fund Balance, June 30</b>                                                                                             | <u>\$22,850,468</u> | <u>\$31,498,508</u> | <u>\$36,528,078</u> | <u>\$37,639,414</u> | <u>\$34,499,371</u> |

<sup>(1)</sup> From the District's comprehensive audited financial statements for fiscal years 2015-16 through 2019-20, respectively. Reflects the restricted and unrestricted general fund in all years, as well as the Adult Education Fund and Deferred Maintenance Fund, which are aggregated together for financial reporting purposes pursuant to applicable GASB statements. Source: Lynwood Unified School District.

## State Budget

*The following information concerning the State's budget has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter guarantees the accuracy or completeness of this information and neither has independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the boundaries of the District in an amount sufficient for the payment thereof.*

**2020-21 State Budget.** On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from the DOF's and LAO's summaries of the 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the 2020-21 Budget acknowledged that the rapid onset of COVID-19 had an immediate and severe impact on the State's economy. The ensuing recession caused significant job losses, precipitous drops in family and business income, and exacerbated inequality. The 2020-21 Budget included a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, were intended to close this deficit and set aside \$2.6 billion in the State's traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget drew down \$8.8 billion in total State reserves, including \$7.8 billion from the BSA, \$450 million from the Safety Net Reserve and all funds in the PSSSA.
- *Triggers* – The 2020-21 Budget included \$11.1 billion in reductions and deferrals that would have been restored if at least \$14 billion in federal funds were received by October 15, 2020. If the State had received less than this amount, reductions and deferrals were to be partially restored. The triggers included \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also have funded an additional \$250 million for county programs to backfill revenue losses. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make no representation as to whether such federal funds will be received or in what amount. See "—Future Actions and Events" herein.
- *Federal Funds* – The 2020-21 Budget relied on \$10.1 billion in federal funds allocated to the State, including \$8.1 billion of which had already been received as of the passage of the 2020-21 Budget. This relief included a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relied on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein.

Approximately \$900 million of special fund borrowing was associated with reductions to State employee compensation and was to be subject to the triggers discussed above.

- *Increased Revenues* – The 2020-21 Budget temporarily suspended for three years net operating loss tax deductions for medium and large businesses and limited business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget included an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projected total general fund revenues and transfers of \$137.6 billion and authorized expenditures of \$146.9 billion. The State was projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projected total general fund revenues and transfers of \$137.7 billion and authorized expenditures of \$133.9 billion. The State was projected to end the 2020-21 fiscal year with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimated that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 would be \$70.1 billion, approximately \$10 billion below the revised prior-year funding level. For K-12 school districts, this would have resulted in per-pupil spending in fiscal year 2020-21 of \$10,654, a reduction of \$1,339 from the prior year.

The 2020-21 Budget proposed several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provided for \$1.9 billion in LCFF apportionment deferrals for fiscal year 2019-20. The deferrals increased to \$11 billion in fiscal year 2020-21, which was to result in LCFF funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspended the statutory COLA in fiscal 2020-21. Of the total deferrals, \$5.8 billion were to be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose was received. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make no representation as to whether such federal funds will be received or in what amount. See “—Future Actions and Events” herein.
- *Learning Loss Mitigation* – The 2020-21 Budget included a one-time investment of \$5.3 billion (\$4.75 billion in CARES Act funding and \$539.9 million in Proposition 98 funding) to local educational agencies to address learning losses related to COVID-19 school closures. Of these funds, \$2.9 billion was to be allocated based on LCFF supplemental and concentration grant allocations, \$1.5 billion based on the number of students with exceptional needs, and \$979.8 million based on total LCFF allocations.
- *Supplemental Appropriations* – The 2020-21 Budget provided for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal

approximately \$12.4 billion, and reflected the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increased the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirected \$2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applied them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduced CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also “LYNWOOD UNIFIED SCHOOL DISTRICT – District Retirement Systems” herein.
- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriated \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds awarded to the State. Of this amount, approximately \$1.5 billion was to be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount was to be allocated to state-level activities.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State's projected deficit, the 2020-21 Budget provided for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counted towards the Proposition 98 funding guarantee.

Other significant features of K-12 education funding in the 2020-21 Budget included the following:

- *Special Education* – The 2020-21 Budget increased special education base rates to \$625 per pupil, and provided \$100 million to increase funding for students with low-incidence disabilities.
- *Average Daily Attendance* – The 2020-21 Budget provided for a hold-harmless for calculating apportionments in fiscal year 2020-21. ADA will be based on the 2019-20 year, except for new charter schools commencing instruction in fiscal year 2020-21. The 2020-21 Budget also provided an exemption for local educational agencies from certain annual minimum instructional minute requirements, and included requirements for distance learning to ensure that, in the absence of in-person instruction, students continue to receive access to quality education.
- *LCAPs* – In April of 2020, the Governor issued an executive order allowing local educational agencies to submit their LCAP (as defined herein) for fiscal year 2020-21 in December, in lieu of the usual July 1 deadline. Recognizing that federal relief funds needed to be expended on an accelerated timeline, and to ensure transparency, the 2020-21 Budget replaced the December LCAP with a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The 2020-21 Budget required the State Superintendent of Public Instruction to develop a template of this plan for use by local educational agencies which included a description of how such agencies would provide continuity of learning during the

pandemic, expenditures related to addressing the impacts of the pandemic, and how such agencies increased or improved services in proportion to concentration funding received under the LCFF.

- *Employee Protections* – The 2020-21 Budget suspended school districts’ window to lay off teachers and other non-administrative certificated staff, which typically runs from the time the budget is approved by the State Legislature to August 15. The 2020-21 Budget also suspended layoffs of classified staff working in transportation, nutrition and custodial services from July 1, 2020 through June 30, 2021.

For additional information regarding the 2020-21 Budget, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

***Proposed Fiscal Year 2021-22 Budget.*** On January 8, 2021, the Governor released his proposed State budget for fiscal year 2021-22 (the “Proposed 2021-22 Budget”). The information below is drawn from the DOF and LAO summaries of the Proposed 2021-22 Budget.

The Proposed 2021-22 Budget indicates that, since the adoption of the 2020-21 Budget, the administration’s economic forecast and revenue projections have significantly improved, driven in large part by a rebound in the stock market and an attendant growth in capital gains tax revenues. However, the Proposed 2021-22 Budget acknowledges that the risks to the revenue forecast remain higher than usual, and economic inequality has intensified since the beginning of the COVID-19 pandemic. The Proposed 2021-22 Budget acknowledges that the State is currently in the midst of a second and more serious wave of COVID-19 infections, but that federally-approved COVID-19 vaccines are arriving to assist the recovery from the pandemic.

The Proposed 2021-22 Budget indicates that the revenue forecast was finalized prior to the passage of the Consolidated Appropriations Act, 2021. See “- Considerations Regarding COVID-19” herein. Of the almost \$900 billion in federal funding that was approved, the Proposed 2021-22 Budget identifies approximately \$106 billion allocable to the State, including \$42.4 billion in direct assistance to individuals and families (including \$38.3 billion in unemployment benefits and direct payments), \$2.2 billion for COVID-19 testing, tracing and vaccine distribution, \$700 million for health and mental health services, \$50.1 billion in business and transportation support, and \$10.1 billion for education. The Governor’s May revision to the Proposed 2021-22 Budget will include a revised revenue forecast that will reflect this federal assistance. The Proposed 2021-22 Budget also acknowledges that further federal relief will be critical to assisting individuals and businesses survive and recover from the pandemic.

For fiscal year 2020-21, the Proposed 2021-22 Budget projects total general fund revenues and transfers of \$168.1 billion and expenditures of \$156 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of approximately \$22.7 billion, including \$9 billion in the traditional State reserve, \$12.5 billion in the BSA, \$747 million in the PSSSA and \$450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the Proposed 2021-22 Budget projects total general fund revenues and transfers of \$170.6 billion and authorizes expenditures of \$164.5 billion. The State is projected to end the 2021-22 fiscal year with total available general fund reserves of approximately \$22 billion, including \$2.9 billion in the traditional general fund reserve, \$15.6 billion in the BSA, \$3 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund. As a result of the projected year-end balance in the PSSSA, school district reserve caps would be triggered in fiscal year 2022-23 under the provisions of SB 858 and SB 751. See also “CONSTITUTIONAL AND

STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2” herein.

In recognition of the need to address the various impacts of the COVID-19 pandemic, the Proposed 2021-22 Budget includes a package of measures intended to be implemented through legislative action earlier than the traditional State budget timeline. For immediate action in January, this package includes \$3 billion in direct support for small businesses and low income earners (the latter principally through an income tax refund) and \$2 billion to support the re-opening of K-12 schools (as further described herein). For early action in the spring, the package includes \$4.6 billion in instructional support for K-14 school districts, \$973 million in jobs and workforce training, \$561 million in environmental sustainability measures and \$262 million in housing and homelessness-related measures.

As a result of the expected increases in State general fund revenues, the Proposed 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$85.8 billion, including \$60.8 billion from the State general fund. This represents a year-to-year increase of \$14.9 billion (or 21%) over the level included in the 2020-21 Budget. With respect to K-12 education, the minimum funding guarantee is set at \$75.9 billion. The Proposed 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21 of \$1.9 billion and \$11.9 billion, respectively, due almost exclusively to increases in allocable general fund revenues in those years. As a result of these revisions, total per-pupil expenditures for K-12 education are projected to be \$18,837 in fiscal year 2020-21 and \$18,000 in fiscal year 2021-22. The year-to-year decrease reflects a significant allocation of one-time federal funding in fiscal year 2020-21. Ongoing per-pupil spending from Proposition 98 funding is \$12,648 in fiscal year 2021-22, an increase of \$1,994 from the level provided in the 2020-21 Budget.

Other significant features of K-12 education funding include the following:

- *Re-opening Schools* – \$2 billion in one-time Proposition 98 funding available beginning in February, 2021 to augment resources for local educational agencies to resume safe, in-person instruction. Funding will be available on a per-pupil basis for all county schools, school districts and charter schools (with the exception of non-classroom based charter schools and independent study programs) that continue or commence in-person instruction by set dates. Specifically, all such educational agencies that continue or resume instruction (i) by February 16, for all transitional Kindergarten through 2<sup>nd</sup> grade students, disabled students, foster and homeless youth, and students without access to technology or high-speed internet, and (ii) by March 15 for all 3<sup>rd</sup> grade students, will be eligible for base grants starting at \$450 and increasing to more than \$700 per pupil for schools with higher enrollments of EL/LI students. Schools with later start dates will qualify for proportionally lower base grants, except those schools in counties with high rates of COVID-19 community spread. Schools in counties with high rates of community spread will be eligible for the full February grant amount if they re-open for instruction pursuant to State and local health guidance. Funds may be used for any purpose that supports instruction, including enhancing and expanding COVID-19 testing, personal protective equipment, improving ventilation and the safety of indoor and outdoor spaces, teacher and staff salaries for those providing and supporting in-person instruction, and social and mental health supportive services. See also “—Assembly Bill 86” herein.
- *Local Control Funding Formula* – \$64.5 billion in total LCFF funding, including an allocation to fund a combined COLA of 3.84%. This reflects both the 2.31% COLA that would have been due in fiscal year 2020-21, and which was suspended by the 2020-21

Budget, and a 1.5% adjustment for fiscal year 2021-22. With few exceptions, the Proposed 2021-22 Budget assumes in-person instruction in fiscal year 2021-22, and accordingly does not provide an ADA hold-harmless for purposes of calculating apportionments. However, because of the hold-harmless provided for fiscal year 2020-21 by the prior year's budgetary legislation, local educational agencies that experience enrollment declines in fiscal year 2021-22 will retain the ability to receive apportionments based on the higher of their 2019-20 or 2020-21 ADA. The Proposed 2021-22 Budget also provides an increase of \$10.2 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for county offices of education.

- *Categorical Programs* – An increase of \$85.7 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for categorical programs which remain outside of the LCFF.
- *Deferrals* – The 2020-21 Budget deferred approximately \$12.5 billion in payments to K-14 school districts. The Proposed 2021-22 Budget would pay down \$8.4 billion of this amount, with districts receiving the associated cash in fiscal year 2021-22. Approximately \$4 billion would remain deferred from fiscal year 2021-22 to fiscal year 2022-23.
- *Supplemental Payment* – The 2020-21 Budget provided for a new, multi-year payment obligation to avoid a permanent decline in K-14 education funding as a result of then-projected reductions in available revenues. The Proposed 2021-22 Budget would eliminate this supplemental payment obligation in its entirety, but would fund a one-time payment of \$2.3 billion in fiscal year 2021-22.
- *Educator and Professional Development* – \$315.3 million to develop quality training in high-need areas and provide timely access to training. The Proposed 2021-22 Budget also includes \$225 million to improve the State's teacher pipeline, including providing grants to students enrolled in teacher preparation programs, support for clinical teacher preparation programs and grants to recruit non-certificated school employees.
- *Community Schools* - \$264.9 million in one-time Proposition 98 funding to expand networks of community schools and establish new community schools, which typically integrate health, mental health and other services for students and families and provide these services directly on school campuses.
- *Learning Loss Mitigation* - \$4.6 billion in one-time Proposition 98 funding to facilitate targeted interventions by local educational agencies that focus on student achievement and well-being most affected by COVID-19 related disruptions to educational learning, including interventions with low-income families, English-learners and foster and homeless youth. See also “—Assembly Bill 86” herein.
- *Federal Funds* – As a result of recent federal stimulus legislation, the Proposed 2021-22 Budget estimates that the State could receive more than \$6 billion for the Elementary and Secondary Schools Emergency Relief Fund and \$400 million for the Governor's Emergency Education Relief Fund. These funds are expected to assist schools in reopening and remaining open for in-person instruction.
- *Proposition 51* – A total allocation of \$1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2021-22 Budget, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

**Assembly Bill 86.** On March 4, 2021, the Governor signed into law Assembly Bill 86 (“AB 86”), urgency legislation which provides approximately \$6.6 billion to accelerate the return of in-person school instruction and expand student support. Specifically, AB 86 provides \$2 billion for in-person instruction grants to local educational agencies (with the exception of non-classroom based charter schools and independent study programs) that can be used for, among other things, personal protective equipment, ventilation upgrades and COVID-19 testing. To qualify for the funding, local educational agencies will be required to offer in-person instruction for Kindergarten through second grade, and all grade levels for high-needs students, by March 31, 2021, losing 1% of eligible funds for every day thereafter if they do not. Schools in the Blueprint’s red, orange or yellow tiers are required to offer in-person instruction to all elementary grades and at least one middle or high school grade or risk losing the same amount of funding. Local educational agencies will forfeit eligibility for all funding if they do not resume in-person instruction by May 15, 2021. Funding will be allocated proportionally on the basis of LCFF funding entitlements, determined as of the fiscal year 2020-21 second principal apportionment certification.

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

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

**May Revision.** On May 14, 2021, the Governor released his May revision (the “May Revision”) to the Proposed 2021-22 Budget. The following information is drawn from the DOF’s summary of the May Revision.

The May Revision reflects a significantly improved fiscal outlook since the beginning of the COVID-19 pandemic. As compared to the \$54 billion deficit projected in the 2020-21 State Budget, the May Revision projects a total budgetary surplus of approximately \$75.7 billion. This figure includes funds available for certain constitutionally-required spending on K-14 school districts, reserves and debt payments. Revenue projections are also significantly improved from the levels included in the Proposed 2021-22 Budget, primarily due to strong State cash trends, the passage of two major federal relief bills and continued improvement in the stock market. The State is also expected to receive an additional \$27 billion in COVID-19 relief funds from the American Rescue Plan (as defined herein). See “— Considerations Regarding COVID-19” herein. This brings the total amount of federal stimulus funds for State programs to over \$275 billion.

For fiscal year 2020-21, the May Revision projects total general fund revenues and transfers of \$187 billion and expenditures of \$165.2 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of approximately \$39.3 billion, including \$24.3 billion in the

traditional State reserve, \$12.5 billion in the BSA, \$2 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the May Revision projects total general fund revenues and transfers of \$176 billion and authorizes expenditures of \$196.8 billion. The State is projected to end the 2021-22 fiscal year with total available general fund reserves of approximately \$24.4 billion, including \$3.4 billion in the traditional general fund reserve, \$15.9 billion in the BSA, \$4.6 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund. As a result of the projected year-end balance in the PSSSA, school district reserve caps would be triggered in fiscal year 2022-23 under the provisions of SB 858 and SB 751. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2” herein.

The May Revision sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$93.7 billion. The Proposed 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, due almost exclusively to increases in allocable general fund revenues in those years. Over the three-year period, the minimum funding guarantee has increased \$17.7 billion over the amount projected by the 2020-21 Budget. As a result of these revisions, total per-pupil expenditures for K-12 education are projected to be \$13,977 in fiscal year 2021-22.

Additionally, excess revenues above the State appropriations limit in fiscal year 2020-21 and 2021-22 create a Constitutional obligation for the State to make a one-time payment to K-14 school districts in addition to the Proposition 98 minimum funding guarantee, and allocated based on K-12 ADA and full-time equivalent community college students. While this payment amount will not be finalized until the State’s 2023-24 budget, the Administration currently anticipates that it will total approximately \$8.1 billion, and will be provided to K-14 school districts in the 2022-23 fiscal year.

Other significant features of K-12 education funding include the following:

- *Re-opening Schools* – The May Revision assumes a return to full-time, in-person instruction for the 2021-22 school year. Consistent with all school years prior to 2020-21, this mode of instruction will be the default for all students and schools, and generally one of only two ways in which local educational agencies can earn state apportionment funding in 2021-22. In connection therewith, the May Revision proposes \$2 billion one-time Proposition 98 funding for health and safety activities, including testing and vaccine initiatives, enhanced cleaning, personal protective equipment, and improved ventilation. These funds will supplement the \$2 billion appropriated by AB 86. See “—Assembly Bill 86” herein. Acknowledging that some parents may still be hesitant to send their children back to school for in-person instruction, the May Revision proposes a series of improvements to the State’s existing independent study programs that are intended to provide local educational agencies with an option to generate State funding via high-quality non-classroom based instruction.
- *Local Control Funding Formula* – The Proposed 2021-22 Budget included \$64.5 billion in total LCFF Funding, including a combined COLA of 3.84% covering fiscal years 2020-21 and 2021-22. The May Revision would increase this COLA by 0.2%, for a total combined COLA of 4.05%. To assist local educational agencies address ongoing fiscal pressures, the May Revision also includes \$520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. The May Revision also provides an increase of \$29.7 million in ongoing Proposition 98 funding to reflect a 2.7% COLA for county offices of education.
- *Categorical Programs* – An increase of \$2.4 million in ongoing Proposition 98 funding to reflect a 1.7% COLA for categorical programs which remain outside of the LCFF.

- *Deferrals* – The 2020-21 Budget deferred approximately \$12.5 billion in payments to K-14 school districts. The Proposed 2021-22 Budget proposed paying down \$8.4 billion of this amount, with districts receiving the associated cash in fiscal year 2021-22. The May Revision pays down an additional \$1.1 billion, leaving approximately \$2.6 billion that would remain deferred from fiscal year 2021-22 to fiscal year 2022-23.
- *Supplemental Payment* – The 2020-21 Budget provided for a new, multi-year payment obligation to avoid a permanent decline in K-14 education funding as a result of then-projected reductions in available revenues. The Proposed 2021-22 Budget would have eliminated this supplemental payment obligation in its entirety, but proposed a one-time payment of \$2.3 billion in fiscal year 2021-22. As a result of revised increases in the minimum funding guarantee, the May Revision would also eliminate the one-time payment.
- *Community Schools* – \$3 billion in one-time Proposition 98 funding, available over several fiscal years, to further expand the implementation and use of community school models, which typically integrate health, mental health and other services for students and families and provide these services directly on school campuses.
- *Student Support* – An ongoing increase of \$1.1 billion to LCFF concentration grants for student support. Local educational agencies that are recipients of these funds will be required to demonstrate how these funds will be used to increase the number of certificated and classified staff on their campuses, including counselors, nurses, teachers, paraprofessionals and other student support providers. In addition, the May Revision also provides \$30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct student support services. Finally, the May Revision provides \$2 billion in one-time federal funds and \$623 million in one-time Proposition 98 funding to provide research-tested interventions for students, including intensive tutoring. These funds are in addition to similar funding provided by AB 86. See “—Assembly Bill 86” herein.
- *Educator Development* - \$3.3 billion to support various educator initiatives, including workforce preparation, training and retention.
- *Nutrition* - \$150 million in ongoing Proposition 98 funding to encourage local educational agencies to participate in one of the federal universal meal provisions, which allow schools to serve breakfast and lunch meals at no charge to all students. The May Revision also provides \$100 million in one-time Proposition 98 funding to provide school kitchen infrastructure upgrades and training for cafeteria staff.
- *Special Education* – \$277.7 million in one-time federal funding to local educational agencies to increase statewide special education resources. The May Revision also includes \$117.7 million in Proposition 98 funding to fund a 1.5% COLA for State special education funding.
- *Career Technical Education* – \$86.4 million in one-time Proposition 98 funding for career technical regional occupational centers or programs operated by a joint powers authority to address costs associated with COVID-19.

For additional information regarding the May Revision, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov). However, the information presented on such website is not incorporated herein by reference.

***Future Actions and Events.*** The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “—Considerations Regarding COVID-19” herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal and Accreted Value of and interest on the Bonds would not be impaired.

## **LYNWOOD UNIFIED SCHOOL DISTRICT**

*The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the revenues generated by an ad valorem property tax levied by the County on properties within the District for the payment thereof. See “THE BONDS—Security and Sources of Payment” herein.*

### **Introduction**

The District, formed in 1950, provides kindergarten through twelfth grade education services to residents in the County. The District encompasses an area of approximately 6.5 square miles, and includes most of the City of Lynwood. The District operates 12 elementary schools, three middle schools, two high schools, one continuation high school, one adult school and two child care centers. For fiscal year 2021-22, the District's projected ADA and enrollment is \_\_\_\_\_ and \_\_\_\_\_ students, respectively. For fiscal year 2020-21, the assessed valuation of taxable property within the District is \$3,768,626,489. District ADA and enrollment, as well as the assessed value of taxable property within the District, may be impacted by the ongoing COVID-19 pandemic. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

## Administration

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

| <u>Name</u>               | <u>Office</u>  | <u>Term Expires</u> |
|---------------------------|----------------|---------------------|
| Maria G. Lopez            | President      | December 2024       |
| Alfonso Morales, Esq.     | Vice-President | December 2024       |
| Alma Carina Castro, Ed.D. | Clerk          | December 2022       |
| Gary Hardie, Jr.          | Member         | December 2022       |
| Julian Del Real-Calleros  | Member         | December 2022       |

The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of the other District administrators. Following are brief biographies of the Superintendent and Chief Business Official.

***Gudiel Crosthwaite, Ph.D., Superintendent.*** Dr. Crosthwaite was appointed as Superintendent of the District on May 23, 2017. Previously, he served as the Assistant Superintendent of Educational Services of the District for approximately four years. Dr. Crosthwaite's other experience includes serving the District as Director of Elementary Reform, and as a Principal and Assistant Principal at the Montebello Unified School District. Dr. Crosthwaite received a Bachelor of Arts degree in sociology from the University of California, Los Angeles, a Master of Arts degree in education from the Harvard University Graduate School of Education, a Master of Arts degree in educational administration from the California State University, Los Angeles, and a Doctorate degree in education from the Claremont Graduate University.

***Gregory Fromm, Chief Business Official.*** Mr. Fromm has served as Chief Business Official of the District since December of 2018. Previously, he served as Assistant Superintendent, Business Services of the El Rancho Unified School District. Mr. Fromm's prior experience also includes serving the Coachella Unified School District in various capacities, including physical education teacher, football coach, principal, assistant principal, Director of Student Services, and Assistant Superintendent, Business and Finance. Mr. Fromm received a Master of Arts degree in educational leadership from California State University at San Bernardino, a Master of Science degree in physical education from Canisius College and a Bachelor of Arts degree in social sciences from the State University of New York at Buffalo.

## District Enrollment

The current student-teacher ratio in the District is \_\_:1 in grades K-3, \_\_:1 in grades 4-5, \_\_:1 in grades 6-8, and \_\_:1 in grades 9-12. The following table shows enrollment figures for the District for fiscal years 2012-13 through 2020-21 and a budgeted amount for fiscal year 2021-22.

### HISTORICAL ENROLLMENT Fiscal Years 2012-13 through 2021-22 Lynwood Unified School District

| <u>Fiscal<br/>Year</u> | <u>Enrollment<sup>(1)</sup></u> | <u>% Change in<br/>Enrollment</u> |
|------------------------|---------------------------------|-----------------------------------|
| 2012-13                | 15,029                          | --                                |
| 2013-14                | 14,919                          | (0.73)%                           |
| 2014-15                | 14,776                          | (0.96)                            |
| 2015-16                | 14,830                          | 0.37                              |
| 2016-17                | 14,454                          | (2.54)                            |
| 2017-18                | 14,211                          | (1.68)                            |
| 2018-19                | 13,802                          | (2.88)                            |
| 2019-20                |                                 |                                   |
| 2020-21                |                                 |                                   |
| 2021-22 <sup>(2)</sup> |                                 |                                   |

<sup>(1)</sup> For fiscal year 2012-13, reflects enrollment as of the October report submitted to the California Basic Educational Data System ("CBEDS"). For fiscal years 2013-14 and later, reflects CALPADS enrollment.

<sup>(2)</sup> Budgeted.

Source: Lynwood Unified School District.

## Labor Relations

As of \_\_\_\_\_, the District employed \_\_\_\_ full-time equivalent (“FTE”) certificated employees, \_\_\_\_ FTE classified employees, and \_\_\_\_ management employees. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below.

### LABOR RELATIONS Lynwood Unified School District

#### Labor Organization

Lynwood Teachers’ Association  
California Schools Employee Association  
Service Employees International Union

#### Contract Expiration Date

June 30, 2022  
June 30, 2022  
June 30, 2022

*Source: Lynwood Unified School District.*

## District Retirement Systems

*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, the Municipal Advisor or the Underwriter.*

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS.

Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

| <u>Effective Date</u> | <u>STRS Members Hired Prior to<br/>January 1, 2013</u> | <u>STRS Members Hired<br/>After January 1, 2013</u> |
|-----------------------|--------------------------------------------------------|-----------------------------------------------------|
| July 1, 2014          | 8.150%                                                 | 8.150%                                              |
| July 1, 2015          | 9.200                                                  | 8.560                                               |
| July 1, 2016          | 10.250                                                 | 9.205                                               |

*Source: AB 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

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

| <u>Effective Date</u> | <u>K-14 school districts</u> |
|-----------------------|------------------------------|
| July 1, 2014          | 8.88%                        |
| July 1, 2015          | 10.73                        |
| July 1, 2016          | 12.58                        |
| July 1, 2017          | 14.43                        |
| July 1, 2018          | 16.28                        |
| July 1, 2019          | 18.13                        |
| July 1, 2020          | 19.10                        |

*Source: AB 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify

adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 15.92% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget" herein.

The District's contributions to STRS were \$9,217,001 in fiscal year 2016-17, \$10,198,811 for fiscal year 2017-18, \$11,912,408 in fiscal year 2018-19, \$\_\_\_\_\_ in fiscal year 2019-20, and \$\_\_\_\_\_ (estimated) in fiscal year 2020-21. The District has budgeted \$\_\_\_\_\_ for its contribution to STRS for fiscal year 2021-22.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2020-21. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill/Senate Bill 111 ("AB 84"). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and will be 22.91% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget" herein. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2020-21 and will be 7% of such salaries in fiscal year 2021-22, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2020-21 and will be 7% in fiscal year 2021-22. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were \$3,961,971 in fiscal year 2016-17, \$4,595,988 for fiscal year 2017-18, \$5,568,684 in fiscal year 2018-19, \$\_\_\_\_\_ in fiscal year 2019-20, and \$\_\_\_\_\_ (estimated) in fiscal year 2020-21. The District has budgeted \$\_\_\_\_\_ for its contribution to PERS for fiscal year 2021-22.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2019-20**

| <b><u>STRS</u></b> |                          |                                                  |                                               |                                                  |                                               |
|--------------------|--------------------------|--------------------------------------------------|-----------------------------------------------|--------------------------------------------------|-----------------------------------------------|
| <b>Fiscal Year</b> | <b>Accrued Liability</b> | <b>Value of Trust Assets (MVA)<sup>(2)</sup></b> | <b>Unfunded Liability (MVA)<sup>(2)</sup></b> | <b>Value of Trust Assets (AVA)<sup>(3)</sup></b> | <b>Unfunded Liability (AVA)<sup>(3)</sup></b> |
| 2010-11            | \$208,405                | \$147,140                                        | \$68,365                                      | \$143,930                                        | \$64,475                                      |
| 2011-12            | 215,189                  | 143,118                                          | 80,354                                        | 144,232                                          | 70,957                                        |
| 2012-13            | 222,281                  | 157,176                                          | 74,374                                        | 148,614                                          | 73,667                                        |
| 2013-14            | 231,213                  | 179,749                                          | 61,807                                        | 158,495                                          | 72,718                                        |
| 2014-15            | 241,753                  | 180,633                                          | 72,626                                        | 165,553                                          | 76,200                                        |
| 2015-16            | 266,704                  | 177,914                                          | 101,586                                       | 169,976                                          | 96,728                                        |
| 2016-17            | 286,950                  | 197,718                                          | 103,468                                       | 179,689                                          | 107,261                                       |
| 2017-18            | 297,603                  | 211,367                                          | 101,992                                       | 190,451                                          | 107,152                                       |
| 2018-19            | 310,719                  | 225,466                                          | 102,636                                       | 205,016                                          | 105,703                                       |

| <b><u>PERS</u></b>     |                          |                                    |                                 |                                                  |                                               |
|------------------------|--------------------------|------------------------------------|---------------------------------|--------------------------------------------------|-----------------------------------------------|
| <b>Fiscal Year</b>     | <b>Accrued Liability</b> | <b>Value of Trust Assets (MVA)</b> | <b>Unfunded Liability (MVA)</b> | <b>Value of Trust Assets (AVA)<sup>(3)</sup></b> | <b>Unfunded Liability (AVA)<sup>(3)</sup></b> |
| 2010-11                | \$58,358                 | \$45,901                           | \$12,457                        | \$51,547                                         | \$6,811                                       |
| 2011-12                | 59,439                   | 44,854                             | 14,585                          | 53,791                                           | 5,648                                         |
| 2012-13                | 61,487                   | 49,482                             | 12,005                          | 56,250                                           | 5,237                                         |
| 2013-14                | 65,600                   | 56,838                             | 8,761                           | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2014-15                | 73,325                   | 56,814                             | 16,511                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2015-16                | 77,544                   | 55,785                             | 21,759                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2016-17                | 84,416                   | 60,865                             | 23,551                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2017-18                | 92,071                   | 64,846                             | 27,225                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2018-19                | 99,528                   | 68,177                             | 31,351                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |
| 2019-20 <sup>(5)</sup> | 104,062                  | 71,400                             | 32,662                          | -- <sup>(4)</sup>                                | -- <sup>(4)</sup>                             |

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

<sup>(3)</sup> Reflects actuarial value of assets.

<sup>(4)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

<sup>(5)</sup> On April 19, 2021, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2021-22 and released certain actuarial information to be incorporated into the June 30, 2020 actuarial valuation to be released in the latter half of 2021. For fiscal year 2021-22, the impact of the additional \$330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution for the first time, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial

Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the “2017 STRS Actuarial Valuation”), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at

7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 19, 2021, the PERS Board established the employer contribution rates for fiscal year 2021-22 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2020, ahead of its release date in the latter half of 2021. From June 30, 2019 to June 30, 2020 the funded status for the Schools Pool increased by 0.1% (from 68.5% to 68.6%); primarily due to the additional State contribution in July 2019 offset by the lower than expected investment return in fiscal year 2019-20. The return on assets for the year ending June 30, 2020 was approximately 4.7%, reduced for administrative expenses, which was lower than the assumed return of 7.0%, leading to an investment experience loss. PERS attributes the slight decline in the funded status over the last five years to investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic (particularly the lowering of the discount rate from 7.5% to 7.0%), and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2020-21, that no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for fiscal year 2022-23 is projected to be 26.1%, with annual increases in most years thereafter, resulting in a projected 27.6% employer contribution rate for fiscal year 2026-27.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

***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 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension

plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's proportionate share of the net STRS and PERS pension liabilities as of June 30, 2020, were \$118,983,098 and \$64,854,270, respectively. For additional information, see "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" attached hereto.

### **Other Post-Employment Benefits**

**Plan Description.** The District administers a single-employer defined healthcare benefit plan (the "Plan") providing post-employment medical, dental and vision insurance benefits (the "Benefits") to eligible retirees of the District and their spouses. Employees are eligible on or after attaining the age of 55 with at least 10 years of service to the District. The Plan provides Benefits for up to five years, or until such employee reaches age 65, whichever occurs first. There are currently \_\_\_\_ retirees currently receiving Benefits, and \_\_\_\_ active Plan members.

**Funding Policy.** Expenditures for the Benefits are recognized on a pay-as-you-go basis to cover the cost of premiums for current retirees. For fiscal years 2016-17 through 2020-21, the District contributed \$596,950, \$463,242, \$479,091, \$\_\_\_\_, and \$\_\_\_\_ (estimated), respectively, for the Benefits. The District has budgeted a contribution of \$\_\_\_\_ in fiscal year 2021-22.

**GASB Statement Nos. 74 and 75.** On June 2, 2015, GASB approved *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB 74 and GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (the "NOL"), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on Total OPEB Liability (the "TOL") plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of

the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The FNP measures the value of trust assets, adjusted for payees and receivables.

GASB 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also "APPENDIX D – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.

**Actuarial Study.** The District has implemented GASB 74 and GASB 75, pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB 74 and GASB 75 (discussed above) require biennial actuarial valuations for all plans. The most recent actuarial study, dated \_\_\_\_\_, calculated the District's accrued liability in accordance with GASB 74 and GASB 75. The study concluded that, as of a \_\_\_\_\_ valuation date and a \_\_\_\_\_ measurement date, the District's TOL was \$\_\_\_\_\_, its FNP was \$\_\_\_\_\_, and its NOL was \$\_\_\_\_\_. In calculating the accrued liability, the District is required to recognize an implicit subsidy in retiree premium rates because retirees and current employees in the District's health insurance plan are insured as a group, and it is assumed that the premiums paid for retiree insurance coverage are lower than they would have been if current retirees were insured separately.

## **Risk Management**

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, cyber intrusions, employee injuries or natural disasters. The District maintains commercial insurance for first party damage up to \$500 million, as well as insurance for general liability claims with coverage of up to \$1 million per occurrence, with excess coverage of up to \$50 million. The District also purchases employee health insurance, excess workers compensation insurance and property liability coverage. The District is self-insured for workers compensation coverage up to \$750,000, with excess coverage of up to \$10 million. There has been no significant reduction in any of these insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District participates in a joint powers agreement with the Southern California Relief Liability Excess Fund (the "JPA"). The District pays premiums to the JPA for its excess liability coverage. The JPA is governed by a board consisting of a representative from each member district. The governing

board controls the operations of the JPA independent of any influence by the District beyond the District's representation on the governing boards. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

There are not currently any claims pending against the District. See also "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes 11 and 14" attached hereto.

### **District Debt Structure**

**Short-Term Debt.** The District currently has no outstanding short-term debt obligations.

**Long-Term Debt.** A schedule of changes in long-term debt for the fiscal year ended June 30, 2020, is shown below:

|                               | <b>Balance</b><br><b>July 1, 2019</b> | <b>Additions</b>    | <b>Deductions</b>     | <b>Balance</b><br><b>June 30, 2020</b> |
|-------------------------------|---------------------------------------|---------------------|-----------------------|----------------------------------------|
| General obligation bonds      | \$71,137,397                          | \$38,759,041        | \$(14,435,000)        | \$95,461,438                           |
| Certificates of participation | 18,025,000                            | --                  | (525,000)             | 17,500,000                             |
| Unamortized debt premiums     | 3,534,778                             | 2,444,016           | (705,574)             | 5,273,220                              |
| Unamortized debt discounts    | --                                    | (17,160)            | --                    | (17,160)                               |
| Compensated absences          | 1,749,808                             | 309,852             | --                    | 2,059,660                              |
| Claims liabilities            | 6,432,000                             | 3,527,129           | (1,784,950)           | 8,174,179                              |
| Total                         | <u>\$100,878,983</u>                  | <u>\$45,022,878</u> | <u>\$(17,450,524)</u> | <u>\$128,451,337</u>                   |

Source: Lynwood Unified School District.

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**General Obligation Bonds.** The following table shows the combined debt service schedule with respect to the total outstanding general obligation bonded debt of the District, including the Bonds, and assuming no further optional redemptions.

**COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE**  
**Lynwood Unified School District**

| Year<br>Ending<br>Aug. 1 | 2002 Authorization                       |                            |                                          | 2012 Authorization                       |                                          |                                            | 2016 Authorization                         |                            |                                   |
|--------------------------|------------------------------------------|----------------------------|------------------------------------------|------------------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------------|----------------------------|-----------------------------------|
|                          | Election<br>of 2002<br>Series A<br>Bonds | 2012<br>Refunding<br>Bonds | Election<br>of 2012<br>Series A<br>Bonds | Election<br>of 2012<br>Series B<br>Bonds | Election<br>of 2012<br>Series C<br>Bonds | Election<br>of 2012<br>Series D-1<br>Bonds | Election<br>of 2012<br>Series D-2<br>Bonds | 2020<br>Refunding<br>Bonds | The<br>Bonds                      |
| 2021                     | --                                       | \$1,722,150.00             | \$444,450.00                             | \$397,131.00                             | \$422,500.00                             | --                                         | \$172,023.00                               | \$483,090.60               | Series A<br>Bonds<br>\$586,975.00 |
| 2022                     | --                                       | 1,802,150.00               | 453,850.00                               | 497,131.00                               | 371,000.00                               | --                                         | 198,103.00                                 | 480,861.06                 | Series B<br>Bonds<br>607,975.00   |
| 2023                     | --                                       | 1,870,150.00               | 467,250.00                               | 494,631.00                               | 445,500.00                               | --                                         | 118,163.00                                 | 483,524.00                 | Series A<br>Bonds<br>637,975.00   |
| 2024                     | --                                       | 1,941,400.00               | --                                       | 491,881.00                               | 477,500.00                               | \$85,000.00                                | --                                         | 916,011.60                 | Series A<br>Bonds<br>666,575.00   |
| 2025                     | --                                       | 2,000,400.00               | --                                       | 638,881.00                               | 404,800.00                               | 260,000.00                                 | --                                         | 922,686.56                 | Series A<br>Bonds<br>688,775.00   |
| 2026                     | --                                       | 2,077,400.00               | --                                       | 681,381.00                               | 413,500.00                               | 275,000.00                                 | --                                         | 938,474.06                 | Series A<br>Bonds<br>719,775.00   |
| 2027                     | --                                       | 2,150,213.00               | --                                       | 726,631.00                               | 437,000.00                               | 315,000.00                                 | --                                         | 948,049.06                 | Series A<br>Bonds<br>749,175.00   |
| 2028                     | \$2,200,000.00                           | --                         | --                                       | 629,650.00                               | 583,000.00                               | 345,000.00                                 | --                                         | 966,430.30                 | Series A<br>Bonds<br>776,975.00   |
| 2029                     | --                                       | --                         | --                                       | 680,200.00                               | 573,000.00                               | 390,000.00                                 | --                                         | 973,392.80                 | Series A<br>Bonds<br>809,725.00   |
| 2030                     | --                                       | --                         | --                                       | 738,650.00                               | 563,000.00                               | 460,000.00                                 | --                                         | 983,750.70                 | Series A<br>Bonds<br>839,975.00   |
| 2031                     | --                                       | --                         | --                                       | 934,650.00                               | 443,000.00                               | 525,000.00                                 | --                                         | 997,840.10                 | Series A<br>Bonds<br>872,725.00   |
| 2032                     | --                                       | --                         | --                                       | 990,250.00                               | 428,800.00                               | 650,000.00                                 | --                                         | 1,010,505.30               | Series A<br>Bonds<br>907,725.00   |
| 2033                     | --                                       | --                         | --                                       | 1,057,650.00                             | 454,900.00                               | 685,000.00                                 | --                                         | 1,017,536.30               | Series A<br>Bonds<br>946,225.00   |
| 2034                     | --                                       | --                         | --                                       | 1,116,250.00                             | 455,100.00                               | 760,000.00                                 | --                                         | 1,034,038.80               | Series A<br>Bonds<br>981,563.00   |
| 2035                     | --                                       | --                         | --                                       | 816,250.00                               | 720,150.00                               | 935,000.00                                 | --                                         | 1,046,143.20               | Series A<br>Bonds<br>1,025,113.00 |
| 2036                     | --                                       | --                         | --                                       | 881,088.00                               | 742,100.00                               | 990,000.00                                 | --                                         | 1,062,367.00               | Series A<br>Bonds<br>1,061,550.00 |
| 2037                     | --                                       | --                         | --                                       | 962,213.00                               | 758,000.00                               | 1,055,000.00                               | --                                         | 1,077,584.40               | Series A<br>Bonds<br>1,105,056.00 |
| 2038                     | --                                       | --                         | --                                       | 1,038,800.00                             | 768,000.00                               | 1,125,000.00                               | --                                         | 1,091,795.40               | Series A<br>Bonds<br>1,151,200.00 |
| 2039                     | --                                       | --                         | --                                       | 2,040,850.00                             | 1,036,800.00                             | 1,195,000.00                               | --                                         | --                         | Series A<br>Bonds<br>1,194,000.00 |
| 2040                     | --                                       | --                         | --                                       | --                                       | 2,394,000.00                             | 2,070,000.00                               | --                                         | --                         | Series A<br>Bonds<br>1,243,600.00 |
| 2041                     | --                                       | --                         | --                                       | --                                       | 2,485,600.00                             | 2,175,000.00                               | --                                         | --                         | Series A<br>Bonds<br>1,294,600.00 |
| 2042                     | --                                       | --                         | --                                       | --                                       | --                                       | 3,740,000.00                               | --                                         | --                         | Series A<br>Bonds<br>1,346,800.00 |
| 2043                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>2,812,400.00 |
| 2044                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>2,925,200.00 |
| 2045                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>3,045,200.00 |
| 2046                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>3,166,800.00 |
| 2047                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>3,289,600.00 |
| 2048                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>3,423,200.00 |
| 2049                     | --                                       | --                         | --                                       | --                                       | --                                       | --                                         | --                                         | --                         | Series A<br>Bonds<br>3,556,800.00 |
| Total                    | \$2,200,000.00                           | \$13,563,863.00            | \$1,365,550.00                           | \$15,814,168.00                          | \$15,377,250.00                          | \$18,600,000.00                            | \$488,289.00                               | \$16,434,081.24            | \$20,214,057.00                   |
|                          |                                          |                            |                                          |                                          |                                          |                                            |                                            |                            | \$45,353,668.92                   |

Source: Lynwood Unified School District.

**Certificates of Participation.** On April 26, 2007, the District executed and delivered its Certificates of Participation (School Construction Project) 2007 Series A, evidencing principal in an amount equal to \$19,430,000 (the "2007 Series A Certificates"), for the purpose of financing certain facility improvements. On July 10, 2007, the District executed and delivered its Certificates of Participation (Refinancing Project) 2007 Series B, evidencing principal in an amount equal to \$4,260,000 (the "2007 Series B Certificates"), for the purpose of refunding certain then-outstanding certificates of participation. On March 1, 2016, the District executed and delivered its 2016 Refunding Certificates of Participation, evidencing principal in an amount equal to \$16,325,000 (the "2016 Certificates," and together with the 2007 Series B Certificates, the "Certificates), for the purpose of refunding portions of the 2007 Series A Certificates and 2007 Series B Certificates.

Each of the Certificates is payable from lease payments to be made by the District pursuant to certain lease agreements by and between the Public Property Financing Corporation of California, for use and possession of certain District sites and facilities. The following table shows future lease payments due with respect to the District's outstanding Certificates.

**ANNUAL LEASE PAYMENT SCHEDULE**  
**Certificates of Participation**  
**Lynwood Unified School District**

| <b>Year Ending<br/>October 1</b> | <b>2007 Series B<br/>Certificates</b> | <b>2016<br/>Certificates</b> | <b>Total</b>           |
|----------------------------------|---------------------------------------|------------------------------|------------------------|
| 2021                             | \$202,000.00                          | \$1,169,181.26               | \$1,371,181.26         |
| 2022                             | 202,500.00                            | 1,180,931.26                 | 1,383,431.26           |
| 2023                             | 202,750.00                            | 1,170,681.26                 | 1,373,431.26           |
| 2024                             | 202,750.00                            | 1,169,431.26                 | 1,372,181.26           |
| 2025                             | 202,500.00                            | 1,176,681.26                 | 1,379,181.26           |
| 2026                             | 197,000.00                            | 1,171,931.26                 | 1,368,931.26           |
| 2027                             | 196,500.00                            | 1,175,681.26                 | 1,372,181.26           |
| 2028                             | 195,750.00                            | 1,177,431.26                 | 1,373,181.26           |
| 2029                             | 199,750.00                            | 1,177,181.26                 | 1,376,931.26           |
| 2030                             | 198,250.00                            | 1,169,931.26                 | 1,368,181.26           |
| 2031                             | 196,500.00                            | 1,175,931.26                 | 1,372,431.26           |
| 2032                             | 194,500.00                            | 1,174,431.26                 | 1,368,931.26           |
| 2033                             | 192,250.00                            | 1,175,181.26                 | 1,367,431.26           |
| 2034                             | 194,750.00                            | 1,180,031.26                 | 1,374,781.26           |
| 2035                             | 196,750.00                            | 1,182,531.26                 | 1,379,281.26           |
| 2036                             | 198,250.00                            | 1,203,937.50                 | 1,402,187.50           |
| 2037                             | <u>194,250.00</u>                     | <u>1,182,212.50</u>          | <u>1,376,462.50</u>    |
| Total                            | <u>\$3,367,000.00</u>                 | <u>\$20,013,318.90</u>       | <u>\$23,380,318.90</u> |

Source: Lynwood Unified School District.

## TAX MATTERS

In the opinion of Bond Counsel, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent that the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owners of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely

affects the exclusion from gross income of interest (or original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

#### **LIMITATION ON REMEDIES; BANKRUPTCY**

**General.** State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

**Statutory Lien.** Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Statutory Lien” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

**Special Revenues.** If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

**Possession of Tax Revenues; Remedies.** The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County Treasury Pool, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX F – LOS ANGELES COUNTY TREASURY POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be

successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

***Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights.*** The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## **LEGAL MATTERS**

### **Legality for Investment in California**

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

### **Expanded Reporting Requirements**

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### **Continuing Disclosure**

***Current Undertaking.*** In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2020-21 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

***Prior Undertakings.*** [TO COME].

### **Absence of Material Litigation**

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is

not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

[TO BE CONFIRMED] There are certain lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims, if determined adverse to the District, would not materially affect the finances of the District.

### **Legal Opinions**

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

## **MISCELLANEOUS**

### **Ratings**

The Bonds are expected to be assigned a rating of “\_\_\_” by S&P, based upon the issuance of the Policy by \_\_\_\_\_. The Bonds have also been assigned an underlying rating of “\_\_\_” by \_\_\_\_\_. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained therefrom.

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

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See “LEGAL MATTERS - Continuing Disclosure” herein and “APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

### **Financial Statements**

The financial statements with supplemental information for the year ended June 30, 2020, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of \_\_\_\_\_ (the “Auditor”) dated \_\_\_\_\_, 2021, are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to

take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

### **Underwriting**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, pursuant to a purchase contract relating to the Bonds, by and between the District and the Underwriter, to purchase all of the Bonds. The Underwriter will purchase the Bonds for a purchase price of \$\_\_\_\_\_ (which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_, and less the Underwriter's discount of \$\_\_\_\_\_).

The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

### **Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

### **LYNWOOD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Gudiel Crosthwaite, Ph.D.  
Superintendent

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:*

\_\_\_\_\_, 2021

Board of Education  
Lynwood Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$\_\_\_\_\_ Lynwood Unified School District Election of 2012 General Obligation Bonds, Series E (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, a fifty-five percent vote of the qualified electors of the Lynwood Unified School District (the "District") voting at an election held on November 6, 2012, and a resolution adopted by the Board of Education of the District on June 3, 2021 (the "Resolution").
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on Capital Appreciation Bonds. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the

Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

**APPENDIX B**

**2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

**B-1**

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Lynwood Unified School District (the "District") in connection with the issuance of \$\_\_\_\_\_ of the District's Election of 2012 General Obligation Bonds, Series E (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on June 3, 2021. 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 and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Mission Trail Advisors, LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean that certain official statement, dated \_\_\_\_\_, 2021, relating to the offering and sale of the Bonds.

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

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2020-21 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District in a timely manner shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District as of the last completed fiscal year;
- (b) Enrollment and Average daily attendance of the District for the last completed fiscal year;
- (c) Outstanding District indebtedness, as of the last completed fiscal year;
- (d) Assessed valuations of taxable property within the District for the current fiscal year;
- (e) Information regarding secured tax charges and delinquencies for *ad valorem* property tax levies for the District's general obligation bonded debt for the last completed fiscal year;
- (f) Top twenty local secured taxpayers for the current fiscal year; and
- (g) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

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

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, adverse tax opinions or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event 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 U.S. 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 governmental 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.

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

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. 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.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation of the District, 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 Bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after

the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute 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 Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a

Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. 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 attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2021

LYNWOOD UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Chief Business Official

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of District: LYNWOOD UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2012 General Obligation Bonds, Series E

Date of Issuance: \_\_\_\_\_, 2021

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

LYNWOOD UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_ [form only; no signature required]

**APPENDIX D**  
**ACCRETED VALUES TABLE**

## APPENDIX E

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF LYNWOOD AND LOS ANGELES COUNTY

*The following information regarding the City of Lynwood (the "City") and Los Angeles County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been independently verified by the District, the Underwriter, the Municipal Advisor or Bond Counsel.*

#### **General**

**City of Lynwood.** Incorporated in 1921, the City is situated approximately 13 miles south of downtown Los Angeles at the intersection of the 710 and 105 freeways in the County. The City has grown from an agricultural area in the early 1900's to its present residential and growing industrial and commercial importance. The City Council is the City's governing body and is comprised of five elected officials. All Council members are elected at large to serve four-year terms. One of the Council members is elected by the other four members to be the Mayor for the upcoming year. The City Council appoints a City Manager who carries out the City Council policies and provides administrative direction to the City.

**Los Angeles County.** Established by an act of the legislature of the State of California (the "State") on February 18, 1850, the County encompasses an area of approximately 4,081 miles in the southwestern portion of the State and borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities while more than 65% of the County remains unincorporated. In between the large desert portions of the County — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sits the San Gabriel Mountains containing Angeles National Forest. The County is a Charter County governed by a five-member elected Board of Supervisors, each of whom serves alternating four-year terms.

[REMAINDER OF PAGE LEFT BLANK]

## Population

The following table shows historical population figures for the City, the County and the State for the past 10 years of data that is currently available.

**POPULATION ESTIMATES**  
**2011 through 2020**  
**City of Lynwood, Los Angeles County and State of California**

| <u>Year</u> | <u>City of<br/>Lynwood</u> | <u>Los Angeles<br/>County</u> | <u>State of<br/>California</u> |
|-------------|----------------------------|-------------------------------|--------------------------------|
| 2011        | 69,746                     | 9,879,298                     | 37,561,624                     |
| 2012        | 70,499                     | 9,956,882                     | 37,924,661                     |
| 2013        | 71,540                     | 10,025,712                    | 38,269,864                     |
| 2014        | 71,733                     | 10,078,930                    | 38,556,731                     |
| 2015        | 71,915                     | 10,126,423                    | 38,870,150                     |
| 2016        | 71,643                     | 10,158,196                    | 39,131,307                     |
| 2017        | 71,732                     | 10,193,753                    | 39,398,702                     |
| 2018        | 71,777                     | 10,209,676                    | 39,586,646                     |
| 2019        | 71,549                     | 10,184,378                    | 39,695,376                     |
| 2020        | 71,269                     | 10,172,951                    | 39,782,870                     |

*Source: 2011-2020 (2010 Census Benchmark) California Department of Finance as of January 1. Estimates for January 1, 2020.*

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## Income

The following table shows per capita personal income for the County, the State, and the United States for the past 10 years of data currently available.

**PER CAPITA PERSONAL INCOME**  
**2011 through 2020**  
**Los Angeles County, State of California, and the United States**

| <u>Year</u> | <u>Los Angeles County</u> | <u>State of California</u> | <u>United States</u> |
|-------------|---------------------------|----------------------------|----------------------|
| 2011        | \$46,470                  | \$46,177                   | \$43,594             |
| 2012        | 49,525                    | 48,819                     | 46,470               |
| 2013        | 49,157                    | 49,312                     | 49,525               |
| 2014        | 52,272                    | 52,376                     | 49,157               |
| 2015        | 55,578                    | 55,853                     | 52,272               |
| 2016        | 57,538                    | 58,074                     | 55,578               |
| 2017        | 59,625                    | 60,581                     | 57,538               |
| 2018        | 62,300                    | 63,759                     | 59,625               |
| 2019        | 65,094                    | 66,745                     | 62,300               |
| 2020        | n/a                       | 71,480                     | 65,094               |

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation). Last updated March 24, 2021  
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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## Principal Employers

The following tables show the principal employers in the City and County by number of employees.

### PRINCIPAL EMPLOYERS City of Lynwood 2020

| <u>Employer Name</u>                           | <u>Industry</u>           | <u>Number of Employees</u> |
|------------------------------------------------|---------------------------|----------------------------|
| Lynwood Unified School District <sup>(1)</sup> | Education Services        | 2,185                      |
| St. Francis Medical Center                     | Health Care Services      | 2,010                      |
| LA County Sheriff Department                   | Government Services       | 270                        |
| CA PostAcute Care                              | Health Care Services      | 173                        |
| PL Development                                 | Pharmaceutical Products   | 170                        |
| Royal Oaks Care Center                         | Health Care Services      | 139                        |
| City of Lynwood                                | Government Services       | 137                        |
| Superior Warehouse Grocers Inc.                | Grocery Services          | 129                        |
| Earle M. Jorgensen Company                     | Wholesale Metals Services | 118                        |
| Lynwood Health Care                            | Health Care Services      | 116                        |

<sup>(1)</sup> For updated information about District employees, see "LYNWOOD UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of the Official Statement.

Source: City of Lynwood 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2020.

### PRINCIPAL EMPLOYERS 2020 Los Angeles County

| <u>Employer Name</u>              | <u>Industry</u>                         | <u>Employees</u> |
|-----------------------------------|-----------------------------------------|------------------|
| Cedars-Sinai Medical Center       | Health Care Services                    | 10,000+          |
| Los Angeles County Sheriff        | Government Services                     | 10,000+          |
| Los Angeles International Airport | Airports                                | 10,000+          |
| University of CA Los Angeles      | Education Services                      | 10,000+          |
| Vxi Global Solutions              | Call Centers                            | 10,000+          |
| AHMC Healthcare Inc.              | Health Care Services                    | 5,000-9,999      |
| JET Propulsion Laboratory         | Research Service                        | 5,000-9,999      |
| Kaiser Permanente Los Angeles     | Health Care Services                    | 5,000-9,999      |
| LA County Office of Education     | Educational Service-Business            | 5,000-9,999      |
| LAC & USC Medical Center          | Health Care Services                    | 5,000-9,999      |
| Long Beach City Hall              | Government Services                     | 5,000-9,999      |
| Longshore Dispatch                | Nonclassified Establishments            | 5,000-9,999      |
| Los Angeles Medical Center        | Pathologists                            | 5,000-9,999      |
| Los Angeles Police Department     | Police Departments                      | 5,000-9,999      |
| National Institutes of Health     | Health Care Services                    | 5,000-9,999      |
| Northrop Grumman                  | Engineers                               | 5,000-9,999      |
| Six Flags Magic Mountain          | Amusement & Theme Parks                 | 5,000-9,999      |
| Sony Pictures Entertainment       | Motion Picture Producers & Studios      | 5,000-9,999      |
| Space Exploration Tech Corp.      | Aerospace Industries (mfrs)             | 5,000-9,999      |
| University of CA Los Angeles      | University-College Dept/Facility/Office | 5,000-9,999      |
| Walt Disney Co.                   | Motion Picture Producers & Studios      | 5,000-9,999      |

Source: America's Labor Market Information System (ALMIS) Employer Database, 2020 1<sup>st</sup> Edition. California Employment Development Department.

## Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years of data currently available for the City, the County and the State.

### CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT 2016 through 2020 <sup>(1)</sup> City of Lynwood, Los Angeles County and the State of California

| <u>Year and Area</u> | <u>Labor Force</u> | <u>Employment</u> <sup>(2)</sup> | <u>Unemployment</u> <sup>(3)</sup> | <u>Unemployment Rate (%)</u> |
|----------------------|--------------------|----------------------------------|------------------------------------|------------------------------|
| <b><u>2016</u></b>   |                    |                                  |                                    |                              |
| City of Lynwood      | 28,300             | 26,500                           | 1,800                              | 6.4                          |
| Los Angeles County   | 5,018,900          | 4,751,200                        | 267,700                            | 5.3                          |
| State of California  | 19,012,000         | 17,965,400                       | 1,046,600                          | 5.5                          |
| <b><u>2017</u></b>   |                    |                                  |                                    |                              |
| City of Lynwood      | 28,500             | 26,900                           | 1,600                              | 5.7                          |
| Los Angeles County   | 5,088,900          | 4,843,700                        | 245,200                            | 4.8                          |
| State of California  | 19,173,800         | 18,246,800                       | 927,000                            | 4.8                          |
| <b><u>2018</u></b>   |                    |                                  |                                    |                              |
| City of Lynwood      | 28,500             | 26,900                           | 1,600                              | 5.5                          |
| Los Angeles County   | 5,094,300          | 4,857,300                        | 237,000                            | 4.7                          |
| State of California  | 19,263,900         | 18,442,400                       | 821,500                            | 4.3                          |
| <b><u>2019</u></b>   |                    |                                  |                                    |                              |
| City of Lynwood      | 28,500             | 27,000                           | 1,500                              | 5.2                          |
| Los Angeles County   | 5,122,800          | 4,888,600                        | 234,300                            | 4.6                          |
| State of California  | 19,353,700         | 18,550,500                       | 803,200                            | 4.2                          |
| <b><u>2020</u></b>   |                    |                                  |                                    |                              |
| City of Lynwood      | 27,800             | 23,700                           | 4,000                              | 14.5                         |
| Los Angeles County   | 4,921,500          | 4,291,700                        | 629,800                            | 12.8                         |
| State of California  | 18,821,200         | 16,913,100                       | 1,908,100                          | 10.1                         |

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021 Benchmark.

## Industry

The City and County are included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "MD"). The distribution of employment in the MD is presented in the following table for the past five years of data currently available. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the City or in the County.

### INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2016 through 2020 (Los Angeles-Long Beach-Glendale MD)

| <u>Category</u>                           | <u>2016</u>    | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    |
|-------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Farm                                | 5,300          | 5,700          | 4,600          | 4,400          | 4,400          |
| Mining, Logging                           | 2,400          | 2,000          | 1,900          | 1,900          | 1,700          |
| Manufacturing                             | 362,000        | 350,400        | 342,600        | 340,700        | 313,800        |
| Wholesale Trade                           | 222,100        | 221,500        | 223,200        | 220,500        | 200,100        |
| Retail Trade                              | 424,600        | 426,100        | 424,800        | 417,900        | 378,600        |
| Transportation, Warehousing and Utilities | 188,900        | 198,200        | 203,600        | 213,000        | 208,600        |
| Information                               | 229,400        | 214,900        | 216,400        | 217,900        | 185,800        |
| Financial Activities                      | 219,800        | 221,600        | 223,200        | 223,500        | 211,500        |
| Professional and Business Services        | 603,000        | 612,100        | 630,400        | 643,900        | 593,300        |
| Educational and Health Services           | 769,900        | 797,400        | 817,900        | 839,900        | 820,900        |
| Leisure and Hospitality                   | 510,000        | 524,600        | 536,500        | 547,200        | 394,400        |
| Other Services                            | 153,300        | 155,700        | 158,800        | 158,400        | 127,000        |
| Government                                | <u>576,700</u> | <u>586,100</u> | <u>590,600</u> | <u>586,900</u> | <u>565,600</u> |
| Total, All Industries                     | 4,401,400      | 4,454,900      | 4,520,700      | 4,565,800      | 4,151,000      |

Note: May not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2020 Benchmark.

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## Commercial Activity

Summaries of annual taxable sale date for the past five years of data currently available for the City and County are shown in the following tables.

### ANNUAL TAXABLE SALES 2015 through 2019 City of Lynwood (Dollars in Thousands)

| <u>Year</u> | <u>Retail<br/>Permits</u> | <u>Retail Stores<br/>Taxable<br/>Transactions</u> | <u>Total<br/>Permits</u> | <u>Total Outlets<br/>Taxable<br/>Transactions</u> |
|-------------|---------------------------|---------------------------------------------------|--------------------------|---------------------------------------------------|
| 2015        | 823                       | \$288,334                                         | 1,184                    | \$329,175                                         |
| 2016        | 797                       | 288,480                                           | 1,159                    | 331,746                                           |
| 2017        | 837                       | 307,586                                           | 1,199                    | 351,147                                           |
| 2018        | 879                       | 331,014                                           | 1,285                    | 371,417                                           |
| 2019        | 925                       | 342,942                                           | 1,384                    | 387,448                                           |

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-19.

### ANNUAL TAXABLE SALES 2015 through 2019 Los Angeles County (Dollars in Thousands)

| <u>Year</u> | <u>Retail<br/>Permits</u> | <u>Retail Stores<br/>Taxable<br/>Transactions</u> | <u>Total<br/>Permits</u> | <u>Total Outlets<br/>Taxable<br/>Transactions</u> |
|-------------|---------------------------|---------------------------------------------------|--------------------------|---------------------------------------------------|
| 2015        | 194,425                   | \$109,094,980                                     | 306,398                  | \$151,981,740                                     |
| 2016        | 197,386                   | 110,944,351                                       | 312,039                  | 155,155,641                                       |
| 2017        | 197,452                   | 114,298,560                                       | 313,226                  | 160,280,130                                       |
| 2018        | 200,603                   | 119,145,054                                       | 328,047                  | 166,023,796                                       |
| 2019        | 206,732                   | 122,137,664                                       | 342,359                  | 171,776,327                                       |

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-19.

## Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and County are shown in the following tables.

### BUILDING PERMIT VALUATIONS 2015 through 2019 City of Lynwood (Dollars in Thousands)

|                  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u>   | <u>2019</u>  |
|------------------|-------------|-------------|-------------|---------------|--------------|
| <b>Valuation</b> |             |             |             |               |              |
| Residential      | \$950       | \$1,260     | \$3,371     | \$6,055       | \$2,365      |
| Non-Residential  | <u>70</u>   | <u>135</u>  | <u>0</u>    | <u>13,273</u> | <u>4,910</u> |
| Total            | \$1,020     | \$1,395     | \$3,371     | \$19,328      | \$7,275      |
| <b>Units</b>     |             |             |             |               |              |
| Single Family    | 0           | 4           | 14          | 8             | 10           |
| Multiple Family  | <u>4</u>    | <u>0</u>    | <u>3</u>    | <u>0</u>      | <u>0</u>     |
| Total            | 4           | 4           | 17          | 8             | 10           |

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS 2015 through 2019 Los Angeles County (Dollars in Thousands)

|                  | <u>2015</u>      | <u>2016</u>      | <u>2017</u>      | <u>2018</u>      | <u>2019</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Valuation</b> |                  |                  |                  |                  |                  |
| Residential      | \$6,383,036      | \$6,575,607      | \$7,368,352      | \$7,441,001      | \$6,554,316      |
| Non-Residential  | <u>5,645,372</u> | <u>5,287,623</u> | <u>6,037,503</u> | <u>6,694,097</u> | <u>6,589,602</u> |
| Total            | \$12,028,408     | \$11,863,230     | \$13,405,855     | \$14,135,098     | \$13,143,918     |
| <b>Units</b>     |                  |                  |                  |                  |                  |
| 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           |

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

## APPENDIX F

### LOS ANGELES COUNTY TREASURY POOL

*The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Los Angeles County (the "County"), 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, none of the District, the Municipal Advisor or 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 Treasury Pool may be obtained from the Treasurer at [www.ttc.lacounty.gov](http://www.ttc.lacounty.gov); however, the information presented on such website is not incorporated herein by any reference.*

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**APPENDIX F**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

# **Attachment No. 3**

Purchase Contract  
2012 General Obligation Bonds Series E

§ \_\_\_\_\_  
**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**Election of 2012 General Obligation Bonds, Series E**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2021

Board of Education  
Lynwood Unified School District  
11321 Bullis Road  
Lynwood, California 90262

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with the Lynwood Unified School District (the "District"), which, upon the District's acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement (as defined herein) or, if not defined in the Official Statement, in the Resolution (as defined herein).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds (as defined herein) pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or fiduciary of, or municipal advisor or financial advisor to, the District, (iii) the Underwriter has not assumed a municipal advisory or fiduciary responsibility in favor of the District with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters) or (y) any other obligation to the District except the obligations expressly set forth in this Purchase Contract, and (iv) the District has consulted with its own legal, accounting, tax, financial, and other professional advisors to the extent it has deemed appropriate in connection with the offering of the Bonds. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$\_\_\_\_\_ aggregate initial principal amount of the District's Election of 2012 General Obligation Bonds, Series E (the "Bonds").

The Bonds shall be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"), and shall accrue or accrete interest at the rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds will be dated the date of delivery thereof (the "Date of Delivery") and shall bear interest from such date, payable semiannually on each February 1 and August 1, commencing February 1, 2022. The Capital Appreciation Bonds will be dated as of their Date of Delivery, and will not bear interest on a periodic basis, instead accreting interest from the Date of Delivery thereof, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2022, and shall be paid at maturity or earlier redemption as shown in Appendix A hereto. The final maturity dates, interest and accretion rates, yields and redemption provisions of the Bonds are shown in Appendix A hereto.

The Underwriter shall purchase the Bonds at a price of \$\_\_\_\_\_ (which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_, and less an Underwriter's discount of \$\_\_\_\_\_). Certain costs of issuance of the Bonds shall be paid by the District in accordance with Section 12 hereof. At the request of the District, on the date of Closing (as defined herein) the Underwriter will wire a portion of the purchase price equal to \$\_\_\_\_\_ to pay the Insurer (as defined herein) the premium for the Policy (as defined herein).

2. **The Bonds.** The Bonds shall otherwise be as described in the Official Statement, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on June 3, 2021 (the "Resolution"), this Purchase Contract, and Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"). The forms of this Purchase Contract, the Preliminary Official Statement (defined below) and the Continuing Disclosure Certificate (as defined herein) were approved pursuant to the Resolution.

The Bonds shall bear CUSIP numbers and shall be in fully registered book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds shall initially be issued in authorized denominations of five thousand dollars (\$5,000) principal amount or Maturity Value, as applicable, or any integral multiple thereof.

The scheduled payment of the principal and Accreted Value of and interest on the Bonds, when due, will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued by \_\_\_\_\_ (the "Insurer").

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, the Continuing Disclosure Certificate, this Purchase Contract, the Preliminary Official Statement, the Official Statement, the Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

4. **Public Offering of the Bonds; Establishment of Issue Price.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside front cover of the Official Statement and Appendix A hereto.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be deemed appropriate or necessary, in the

reasonable judgment of the Underwriter, the District and Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by Mission Trail Advisors (the "Municipal Advisor") and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

(b) Except as otherwise set forth in Appendix A attached hereto, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District the price or prices at which the Underwriter has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the date of Closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the

agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

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

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

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

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_, 2021 (the “Preliminary Official Statement”), which has been duly authorized and prepared by the District for use by the Underwriter in connection with the sale of the Bonds. The District represents that it has duly authorized and caused the preparation of the Preliminary Official Statement and it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

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

The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing.

6. **Closing.** At 9:00 A.M., California Time, on \_\_\_\_, 2021 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing" or the "Closing Date"), the District will deliver or cause to be delivered to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price set forth in Section 1 hereof in immediately available funds by wire transfer to the account or accounts designated by the District.

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

(a) **Due Organization.** The District is a unified school district duly organized and validly existing under the laws of the State of California (the "State"), with the power to issue the Bonds pursuant to the Act.

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power, and authority to enter into this Purchase Contract and the Continuing Disclosure Certificate, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in, the Bonds, the Resolution, the Continuing Disclosure Certificate and this Purchase Contract have been duly authorized and such authorization is, as of the date hereof is in full force and effect; (iv) this Purchase Contract, assuming the due authorization, execution and delivery by the Underwriter, and the Continuing Disclosure Certificate, constitute valid and legally binding obligations of the District, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as enforcement may be subject to the application of equitable principles or the exercise of judicial discretion in appropriate cases if equitable remedies are sought, and by the limitations on legal remedies against public agencies in the State; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract or Official Statement.

(c) **Consents.** No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract and the Continuing Disclosure Certificate, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, which have not been taken or obtained, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United

States as the Underwriter may reasonably request; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

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

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the levy or collection of *ad valorem* property taxes contemplated by the Resolution, and the application thereof to pay the principal and Accreted Value of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate or the Resolution, or the pledge of the funds on deposit in the Debt Service Fund for the Bonds or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, this Purchase Contract, or the Continuing Disclosure Certificate; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from State personal income taxation.

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

(g) Interim Financial Report. The District has not received a qualified or negative certification in its most recent interim report pursuant to Education Code Section 42130 *et seq*.

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

(i) Continuing Disclosure. In accordance with the requirements of the Rule and pursuant to the Resolution, at or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate with respect to the Bonds (the "Continuing Disclosure Certificate"). The Continuing Disclosure Certificate shall be substantially in the form attached to the Official Statement as Appendix C. Except as otherwise disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events.

(j) Official Statement Accurate and Complete. The Preliminary Official Statement as of its date did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. As of its date and on the date of Closing, the Official Statement (and any supplement thereto) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein. If the Official Statement is supplemented or amended pursuant to this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to this Purchase Contract) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by Los Angeles County (the "County") or otherwise necessary in order to arrange for the levy and collection of *ad valorem* property taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the Auditor-Controller and Treasurer and Tax Collector (or equivalent official) of the County a copy of the Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

(l) No Material Adverse Change. The financial statements of, and other financial information regarding, the District in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

(m) No Default. The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the

District is a party or to which the District is or any of its property or assets are otherwise subject, in any material respect, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing; and the execution and delivery of the Bonds, this Purchase Contract and the Continuing Disclosure Certificate and the adoption of the Resolution and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Resolution.

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

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

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

(c) **Official Statement.** The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, being herein called the "Official Statement") in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

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

(e) **References.** References herein to the Preliminary Official Statement and the Official Statement include the cover, inside front cover and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) **Amendments to Official Statement.** During the period ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the

District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, at its own expense, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the date of Closing, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the date of Closing.

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

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in State Government Code section 53590(c) or MSRB Rule G-23, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

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

(a) **Representations True.** The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof

and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

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

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or shall be pending, or, to the best knowledge of the District, threatened, which has any of the effects described in Section 7(e) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) County Resolution. The Board of Supervisors of the County shall have adopted the resolution of the County authorizing the District to issue the bonds on its own behalf pursuant to Education Code 15140(b);

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

(1) legislation enacted by the Congress of the United States, or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

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

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

(2) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order, or regulation (final or temporary) made by a State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(3) any outbreak or escalation of hostilities affecting the United States, the formal declaration of war by Congress or a new major engagement in or escalation of military hostilities, or the occurrence or escalation of any other national or international emergency, calamity or crisis that interrupts or causes discord to the operation of the financial markets in the United States or elsewhere;

(4) the declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction or a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

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

(7) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service of the outstanding indebtedness of the District [or of the Insurer];

(8) there shall have occurred any materially adverse change in the affairs or financial condition of the District;

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

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of *ad valorem* property taxes to pay principal of, or interest on the Bonds;

(11) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(12) the suspension by the SEC of trading in the outstanding securities of the District; or

(13) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto.

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

(1) Opinion of Bond Counsel. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, and addressed to the District, in substantially the form set forth in the Preliminary Official Statement as Appendix A;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the opinion described in Section 10(e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel addressed to the District, and the Underwriter, dated as of the date of Closing, substantially to the following effect:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS," "LEGAL MATTERS - Continuing Disclosure - Current Undertaking" and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Certificate, and the form and content of Bond Counsel's approving opinion regarding the treatment of interest on the

Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices B, D, E, F[, or G] to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District's compliance with its obligations to file annual reports or provide notice of the events described in the Rule, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting," (vii) any information with respect to the rating[s] on the Bonds and the rating agenc[y][ies] referenced therein, including, but not limited to, information under the caption "MISCELLANEOUS – Ratings," [and (viii) any information relating to the Insurer or the Policy, including, but not limited to, information under the caption "THE BONDS – Bond Insurance";]

(ii) the Continuing Disclosure Certificate and this Purchase Contract, have each been duly authorized, executed and delivered by the District and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter and its counsel, the Municipal Advisor, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices B, D, E, F[, or G] to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting," (vi) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule, (vii) any information with respect to the rating[s] on the Bonds and the rating agenc[y][ies] referenced therein, including, but not limited to, information under the caption "MISCELLANEOUS – Ratings," [and (viii) any information relating to the Insurer or the Policy, including, but not limited to, information under the caption "THE BONDS – Bond Insurance"]];

(5) District Certificates. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Continuing Disclosure Certificate and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing, and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution, (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading, and (vii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to the best knowledge of such officials, threatened against the District, contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District on behalf of the District or the due adoption of the Resolution;

(6) Arbitrage. A nonarbitrage and tax certificate of the District in form satisfactory to Bond Counsel, with respect to the Bonds;

(7) Rating[s]. Evidence satisfactory to the Underwriter that (i) [the Bonds have been rated "\_\_\_\_" by S&P Global Ratings ("S&P") based upon the issuance of the Policy by the Insurer, (ii)] the Bonds shall have received an underlying rating of "\_\_\_\_" by S&P, and (ii) such rating[s] ha[s][ve] not been revoked or downgraded;

(8) Resolution.

(i) A certificate, together with fully executed copies of the Resolution, of the Secretary to or Clerk of the Board of Education of the District to the effect that:

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

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

(ii) evidence satisfactory to the Underwriter that the District Board of Education considered the Resolution at two consecutive meetings, first as an information item and second as an action item, and that at such second meeting the District Board was presented with the information regarding the Bonds required by and sufficient to satisfy the requirements of Education Code Section 15146(b) and (c).

(9) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

(10) Certificate of the Paying Agent. A certificate of U.S. Bank National Association, as the agent of the Treasurer and Tax Collector of Los Angeles County, as paying agent for the Bonds (the "Paying Agent"), signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that no litigation is pending or, to the best of the Paying Agent's knowledge, threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(11) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(12) Underwriter's Counsel Opinion. The opinion of Kutak Rock, LLP, Irvine, California, as counsel to the Underwriter, in a form and substance satisfactory to the Underwriter;

(13) [Bond Insurance]. The Policy, together with:

(a) an opinion of counsel to the Insurer, dated the date of Closing, and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter; and

(b) a certificate of the Insurer, dated the date of Closing, in form and substance acceptable to the Underwriter, regarding, among other matters, disclosure, no default, and tax matters;] and

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

(g) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 herein, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 12(c) and 14 hereof.

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

11. **Conditions to Obligations of the District.** The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

12. **Expenses.** (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid), and the Underwriter shall be under no obligation to pay, the following costs of issuance with respect to the Bonds, including but not limited to the following: (i) the fees and disbursements of the District's Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for the Bond rating[s]; (iv) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (v) the initial fees of the Paying Agent and Fiscal Agent (as defined herein); (vi) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; (vii) municipal advisory fees; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby directs the Underwriter to wire, at the Closing, a portion of the purchase price for the Bonds not to exceed \$\_\_\_\_\_ to U.S. Bank National Association, as fiscal agent for the District (the "Fiscal Agent"), for the payment of such costs.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out of pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP fees, the fees and disbursement of counsel to the Underwriter, and other expenses (except those expressly provided above) without limitation, except travel and related expenses attributable to District personnel in connection with the Bond rating.

(c) Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 12(a)(vi) above that are attributable to District personnel.

(d) The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

13. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, to Lynwood Unified School District, 11321 Bullis Road, Lynwood, California 90262, Attention: Chief Business Official, or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, 515 S. Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: Dawn Vincent, Managing Director.

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

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

[REMAINDER OF PAGE LEFT BLANK]

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

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED,** as Underwriter

By: \_\_\_\_\_  
Authorized Officer

The foregoing is hereby agreed to and accepted  
at \_\_\_\_\_ a.m./p.m., California Time, as of the  
date first above written:

**LYNWOOD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_

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## APPENDIX A

### PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, MATURITIES, AND REDEMPTION PROVISIONS

\$ \_\_\_\_\_  
**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**Election of 2012 General Obligation Bonds, Series E**

\$ \_\_\_\_\_ Current Interest Serial Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|

\$ \_\_\_\_\_ Current Interest Term Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|

\$ \_\_\_\_\_ Capital Appreciation Serial Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Denominational</u><br><u>Amount</u> | <u>Accretion</u><br><u>Rate</u> | <u>Yield to</u><br><u>Maturity</u> | <u>Maturity</u><br><u>Value</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|

\$ \_\_\_\_\_ Capital Appreciation Term Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Denominational</u><br><u>Amount</u> | <u>Accretion</u><br><u>Rate</u> | <u>Yield to</u><br><u>Maturity</u> | <u>Maturity</u><br><u>Value</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|
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<sup>(1)</sup> Yield to call at par on August 1, 20\_\_.

#### Redemption Provisions

[TO COME]

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## APPENDIX B

\$ \_\_\_\_\_  
**LYNWOOD UNIFIED SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**Election of 2012 General Obligation Bonds, Series E**

### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated ("Stifel") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Purchase Contract, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *District* means the Lynwood Unified School District.

(b) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(c) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(d) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (\_\_\_\_\_, 2021), or (ii) the date on which an Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

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(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

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

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2021.

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

[REMAINDER OF PAGE LEFT BLANK]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED**

By: \_\_\_\_\_

—

Name: \_\_\_\_\_

—

By: \_\_\_\_\_

—

Name: \_\_\_\_\_

—

Dated: \_\_\_\_\_, 2021

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06-10-2021

INFORMATIONAL ITEM ONLY

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## SCHEDULE A

### \$ \_\_\_\_\_ Current Interest Serial Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
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### \$ \_\_\_\_\_ Current Interest Term Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------|---------------------------------------------------------|

### \$ \_\_\_\_\_ Capital Appreciation Serial Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Denominational</u><br><u>Amount</u> | <u>Accretion</u><br><u>Rate</u> | <u>Yield to</u><br><u>Maturity</u> | <u>Maturity</u><br><u>Value</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|

### \$ \_\_\_\_\_ Capital Appreciation Term Bonds

| <u>Maturity</u><br><u>(August 1)</u> | <u>Denominational</u><br><u>Amount</u> | <u>Accretion</u><br><u>Rate</u> | <u>Yield to</u><br><u>Maturity</u> | <u>Maturity</u><br><u>Value</u> | <u>Price</u> | <u>10% Rule</u> | <u>Hold the</u><br><u>Offering</u><br><u>Price Rule</u> |
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|
|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|-----------------|---------------------------------------------------------|

<sup>(1)</sup> Yield to call at par on August 1, 20\_\_.

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