

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Bonds and excluded from gross income may depend on the taxpayer’s election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

CALIFORNIA SCHOOL CASH RESERVE PROGRAM AUTHORITY

\$9,195,000	\$30,705,000	\$18,845,000	\$5,000,000
2022-2023 BONDS	2022-2023 BONDS	2022-2023 BONDS	2022-2023 BONDS
SERIES A	SERIES B	SERIES C	SERIES D

(Sponsored by California School Boards Association Finance Corporation)

Dated: Date of Delivery

Due: As shown on inside front cover

The California School Cash Reserve Program Authority (the “Authority”) is issuing its 2022-2023 Bonds, Series A (the “Series A Bonds”), its 2022-2023 Bonds, Series B (the “Series B Bonds”), its 2022-2023 Bonds, Series C (the “Series C Bonds”) and its 2022-2023 Bonds, Series D (the “Series D Bonds,” and collectively with the Series A Bonds, the Series B Bonds, and the Series C Bonds, the “Bonds”), as fully registered Bonds and, when issued, each series of Bonds will be registered in the name of Cede & Co., as holder of the Bonds and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. **PURCHASERS WILL NOT RECEIVE CERTIFICATES REPRESENTING THEIR INTEREST IN THE BONDS PURCHASED.** Interest on the Bonds will be payable at maturity. Principal of and interest on the Bonds will be payable by wire transfer to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

Each series of Bonds is being issued pursuant to the terms of the Indenture, dated as of July 1, 2022 (the “Original Indenture”), and, as applicable, a separate supplemental indenture for such series of Bonds, dated as of July 1, 2022 (the Original Indenture, together with all supplemental indentures, are collectively referred to herein as the “Indenture”), each by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), for the purpose of purchasing a separate pool of certain 2022-2023 Tax and Revenue Anticipation Notes (all such notes of all such pools are collectively referred to herein as the “Notes”), of the same maturity issued by those California school districts identified herein (all such issuers are collectively referred to herein as the “Districts”). The required payment of the principal of and interest on the Notes of a pool when due is structured to pay principal of and interest on the related series of Bonds when due. **Except as otherwise required by the Indenture, amounts received by the Trustee from the repayment of principal of and interest on the Notes of a pool will be applied solely to repay the principal of and interest on the related series of Bonds, and not to the repayment of any unrelated series of bonds of the Authority.**

Neither the Bonds nor the Notes are subject to redemption prior to maturity.

In accordance with California law, the Note of each District is payable from the taxes, income, revenue (including, but not limited to, revenue from the state and federal government), cash receipts and other moneys provided for Fiscal Year 2022-2023 which will be received by or will accrue to such District during such fiscal year for its general fund and which are lawfully available for payment thereof (as more fully defined herein, the “Unrestricted Revenues”). As security for the payment of the principal of and interest on its Note, each District has pledged the first Unrestricted Revenues to be received by such District in the repayment period and amounts specified herein (the “Pledged Revenues”). As provided in Section 53856 of the California Government Code, except as otherwise described herein, the Note of each District and the interest thereon, will be a first lien and charge against, and will be payable from the first moneys received by such District from, the Pledged Revenues of such District. To the extent not so paid, each Note shall be paid from any other moneys of such District lawfully available therefor. Each authorizing resolution (the “Resolution”) requires the applicable District to transfer to the Trustee certain amounts to be deposited in a special fund from the first Unrestricted Revenues received by such District during specified repayment period described herein so that the amount on deposit in such fund by the applicable date set forth herein, taking into consideration anticipated investment earnings thereon, is equal to all of the principal and interest due on such Note at maturity, as more fully described herein. The obligation of each District is a several and not a joint obligation and is strictly limited to such District’s repayment obligation under its Resolution and Note. Each District may issue additional tax and revenue anticipation notes on a parity or a subordinate basis to its Note as described herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE INDENTURE, SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE DISBURSEMENT THEREOF FOR OR TO THE PURPOSES AND ON THE CONDITIONS AND TERMS SET FORTH THEREIN.

This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, and for the Districts by Kutak Rock LLP. The Bonds, in book-entry form only, are expected to be delivered through the facilities of DTC on or about July 12, 2022, in New York, New York.

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PRICING INFORMATION FOR THE BONDS

\$9,195,000

2022-2023 Bonds, Series A

Maturity Date: May 31, 2023 Price: 101.564% Interest Rate: 4.000% Yield: 2.200% CUSIP No.†: 130583 JR9

\$30,705,000

2022-2023 Bonds, Series B

Maturity Date: June 30, 2023 Price: 101.655% Interest Rate: 4.000% Yield: 2.250% CUSIP No.†: 130583 JS7

\$18,845,000

2022-2023 Bonds, Series C

Maturity Date: June 30, 2023 Price: 101.655% Interest Rate: 4.000% Yield: 2.250% CUSIP No.†: 130583 JT5

\$5,000,000

2022-2023 Bonds, Series D

Maturity Date: May 31, 2023 Price: 101.344% Interest Rate: 4.000% Yield: 2.450% CUSIP No.†: 130583 JU2

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CALIFORNIA SCHOOL CASH RESERVE PROGRAM AUTHORITY

Kelli Hays, *Chair*
Lynn David, *Treasurer*
Cathleen Higa, *Secretary*

PROFESSIONAL SERVICES

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Underwriter's Counsel
Kutak Rock LLP
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Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

No broker, dealer, sales representative or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Districts, the Financial Advisor or the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or any District since the date hereof. 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 in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from the Districts and other sources believed by the Underwriter to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter, by the Financial Advisor, by the Authority or by any District. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The 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.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT 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 SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

Relating to

CALIFORNIA SCHOOL CASH RESERVE PROGRAM AUTHORITY

\$9,195,000	\$30,705,000	\$18,845,000	\$5,000,000
2022-2023 BONDS	2022-2023 BONDS	2022-2023 BONDS	2022-2023 BONDS
SERIES A	SERIES B	SERIES C	SERIES D

(Sponsored by California School Boards Association Finance Corporation)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and appendices hereto (this “Official Statement”), sets forth certain information concerning the California School Cash Reserve Program Authority 2022-2023 Bonds, Series A (the “Series A Bonds”) in the aggregate principal amount of \$9,195,000, the California School Cash Reserve Program Authority 2022-2023 Bonds, Series B (the “Series B Bonds”) in the aggregate principal amount of \$30,705,000, the California School Cash Reserve Program Authority 2022-2023 Bonds, Series C (the “Series C Bonds”) in the aggregate principal amount of \$18,845,000 and the California School Cash Reserve Program Authority 2022-2023 Bonds, Series D (the “Series D Bonds,” and collectively with the Series A Bonds, the Series B Bonds and the Series C Bonds, the “Bonds”), in the aggregate principal amount of \$5,000,000.

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

The Program

Pursuant to the California School Cash Reserve Program (the “Program”), participating school districts, county boards of education and community college districts in the State of California (the “State”) simultaneously issue their tax and revenue anticipation notes which are then purchased with proceeds of one or more series of bonds of the same maturity to be issued by the California School Cash Reserve Program Authority (the “Authority”). The Bonds are authorized to be issued by the Authority pursuant to the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code, and pursuant to the provisions of an Indenture dated as of July 1, 2022 (the “Original Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by the applicable supplemental indenture. The Original Indenture, as supplemented by the supplemental indentures, is hereinafter referred to as the “Indenture.”

The Series A Bonds

The Authority is issuing the Series A Bonds pursuant to the Original Indenture, by and between the Authority and the Trustee. The net proceeds of the Series A Bonds will be used to purchase certain notes (the “Series A Notes”) issued by certain school districts (the “Series A Districts”) as described herein under the caption “PARTICIPATING DISTRICTS.” Pursuant to the Original Indenture, the Series A Notes will be assigned to the Trustee for the benefit of the registered owners (the “Owners”) of the Series A Bonds.

The required payment by all Series A Districts of the aggregate principal of and interest due on all of the Series A Notes when due is structured to be sufficient to pay all principal of and interest on the Series A Bonds when due. Except as otherwise required by the Indenture, amounts received by the Trustee from the repayment of principal of and interest on the Series A Notes will be applied to repay all of the principal of and interest on the Series A Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Bonds” herein.

The Series B Bonds

The Authority is issuing the Series B Bonds pursuant to the Original Indenture, as supplemented by a First Supplemental Indenture dated as of July 1, 2022 (the “First Supplemental Indenture”), by and between the Authority and the Trustee. The net proceeds of the Series B Bonds will be used to purchase certain notes (the “Series B Notes”) issued by certain school districts (the “Series B Districts”) as described herein under the caption “PARTICIPATING DISTRICTS.” Pursuant to the Original Indenture and the First Supplemental Indenture, the Series B Notes will be assigned to the Trustee for the benefit of the Owners of the Series B Bonds. The required payment by all Series B Districts of the aggregate principal of and interest due on all of the Series B Notes when due is structured to be sufficient to pay all principal of and interest on the Series B Bonds when due. Except as otherwise required by the Indenture, amounts received by the Trustee from the repayment of principal of and interest on the Series B Notes will be applied to repay all of the principal of and interest on the Series B Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Bonds” herein.

The Series C Bonds

The Authority is issuing the Series C Bonds pursuant to the Original Indenture, as supplemented by a Second Supplemental Indenture dated as of July 1, 2022 (the “Second Supplemental Indenture”), by and between the Authority and the Trustee. The net proceeds of the Series C Bonds will be used to purchase certain notes (the “Series C Notes”) issued by certain school districts (the “Series C Districts”) as described herein under the caption “PARTICIPATING DISTRICTS.” Pursuant to the Original Indenture and the Second Supplemental Indenture, the Series C Notes will be assigned to the Trustee for the benefit of the Owners of the Series C Bonds. The required payment by all Series C Districts of the aggregate principal of and interest due on all of the Series C Notes when due is structured to be sufficient to pay all principal of and interest on the Series C Bonds when due. Except as otherwise required by the Indenture, amounts received by the Trustee from the repayment of principal of and interest on the Series C Notes will be applied to repay all of the principal of and interest on the Series C Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Bonds” herein.

The Series D Bonds

The Authority is issuing the Series D Bonds pursuant to the Original Indenture, as supplemented by a Third Supplemental Indenture dated as of July 1, 2022 (the “Third Supplemental Indenture”) by and between the Authority and the Trustee. The net proceeds of the Series D Bonds will be used to purchase a note (the “Series D Note,” and together with the Series A Notes, the Series B Notes and the Series C Notes, the “Notes”) issued by a school district (the “Series D District,” and together with the Series A Districts, the Series B Districts and the Series C Districts, the “Districts”) as described herein under the caption “PARTICIPATING DISTRICTS.” Pursuant to the Original Indenture and the Third Supplemental Indenture, the Series D Note will be assigned to the Trustee for the benefit of the Owners of the Series D Bonds. The required payment by the Series D District of the principal of and interest due on the Series D Note when due is structured to be sufficient to pay the principal of and interest on the Series D Bonds when due. Except as otherwise required by the Indenture, amounts received by the Trustee from the repayment of principal of and interest on the Series D Note will be applied to repay all of the principal of and interest

on the Series D Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Bonds” herein.

Participating Districts

For a list of the names of the Districts and the principal amount of the Note expected to be issued by each District, see “PARTICIPATING DISTRICTS” herein. See “APPENDIX C—CERTAIN BACKGROUND INFORMATION AND PROJECTED CASH FLOWS OF THE DISTRICTS” and “APPENDIX D—COVERAGE ANALYSIS” for a summary of certain information respecting each District.

The Notes

Each Note of each District is issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and pursuant to a resolution of issuance adopted by the governing board of each such District and, in certain situations in which such District has not established fiscal accountability status, at the election of the Board of Supervisors of the county in which such District is located, a resolution of issuance adopted by such Board of Supervisors (collectively, as may be amended, the “Resolution”). If the Board of Supervisors of the county in which such District is located elects not to adopt a resolution of issuance, the Note of such District will be issued pursuant to the resolution of issuance originally adopted by such District. The issuance of the Note of each District is expected to provide moneys to anticipate taxes, income, revenue, cash receipts and other moneys provided for the fiscal year which begins on July 1, 2022 and will end on June 30, 2023 (the “Fiscal Year 2022-2023”), which will be received by or accrue to each District for its general fund during such Fiscal Year 2022-2023.

Security for the Notes

In accordance with California law, the Note of each District is payable from the taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts and other moneys provided for Fiscal Year 2022-2023 which will be received by or will accrue to such District during such fiscal year for its general fund and which are lawfully available for the payment of current expenses and other obligations of such District (the “Unrestricted Revenues”). As security for the payment of the principal of and interest on its Note, each District has pledged the first Unrestricted Revenues to be received by such District in the repayment period (each individual period a “Repayment Period”) and amounts specified herein (the “Pledged Revenues”). As provided in Section 53856 of the California Government Code, except as otherwise described in the Resolution of such District, the Note of each District and the interest thereon, will be a first lien and charge against, and will be payable from the first moneys received by such District from, the Pledged Revenues of such District. To the extent not so paid, each Note shall be paid from any other moneys of such District lawfully available therefor. Each Resolution requires the applicable District to transfer to the Trustee certain amounts to be deposited in a special fund from the first Unrestricted Revenues received by such District during the Repayment Period, described herein so that the amount on deposit in such fund by the end of such Repayment Period, taking into consideration anticipated investment earnings thereon, is equal to all of the principal and interest due on such Note at maturity, as more fully described herein. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Notes” herein.

Investment of Note Proceeds and Repayments

It is anticipated that all of the Districts will invest their respective Note proceeds and repayments in their respective county investment pools. See “INVESTMENT OF DISTRICT FUNDS—County

Investment Pools” herein. Districts are also permitted to invest their Note proceeds and repayments in other Permitted Investments. See “APPENDIX A—SUMMARY OF LEGAL DOCUMENTS—DEFINITIONS OF CERTAIN TERMS” herein for the definition of “Permitted Investments.” Although the Districts are obligated to pay principal of and interest on their Notes, on their respective maturity dates as described herein under “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” if there is a payment default in connection with any of the applicable investments, there may not be sufficient funds in the Payment Accounts attributable to the Notes in the Bond Payment Fund on the maturity date to pay all of the principal of and interest on the corresponding series of Bonds.

Sizing of Notes

As part of the sizing of each District’s Note, each District is required to project the amount and timing of anticipated cash flow deficits, and most Districts are allowed to size their Notes for the amount of a reasonable working capital reserve permitted under federal tax law. A District’s anticipated deficits are only projections based upon such District’s expectations as of the date of issuance of its Note. A District may experience actual revenues, expenditures or deficits that differ from the projections. It is likely that some Districts may not actually experience a projected cash flow deficit and, thus, may not spend any of their Note proceeds. Other Districts that do experience some level of deficits may need to spend only a portion of their Note proceeds to meet the actual deficit or may not need to spend all of the portion of their Note proceeds attributable to the sizing of a reasonably required working capital reserve. In addition, some Districts may not spend any of their Note proceeds even if they experience a deficit, because such Districts may use an alternative method of funding such deficit, especially if such deficit is for a short period of time, or such Districts may adopt an accounting allocation method permitted under federal tax law that does not require an actual expenditure of its Note proceeds. See “APPENDIX C—CERTAIN BACKGROUND INFORMATION AND PROJECTED CASH FLOWS OF THE DISTRICTS” herein for the projected cash flows prepared by each District. The estimates of amounts and timing of receipts and disbursements in the projected cash flow tables in Appendix C are based on certain assumptions and should not be construed as statements of fact. The assumptions are based on currently available information and may be affected by numerous factors and there can be no assurance that such estimates will actually be achieved.

Limited Obligations

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE INDENTURE, SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE DISBURSEMENT THEREOF FOR OR TO THE PURPOSES AND ON THE CONDITIONS AND TERMS SET FORTH THEREIN. EXCEPT AS OTHERWISE REQUIRED BY THE INDENTURE, AMOUNTS RECEIVED BY THE TRUSTEE FROM THE REPAYMENT OF ONE POOL OF NOTES WILL BE APPLIED SOLELY TO REPAY THE RELATED SERIES OF BONDS, AND NOT TO THE REPAYMENT OF ANY UNRELATED SERIES OF BONDS OF THE AUTHORITY. NO DISTRICT HAS ANY OBLIGATION TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTE OF ANY OTHER DISTRICT. THE OBLIGATION OF EACH DISTRICT IS A SEVERAL AND NOT A JOINT OBLIGATION AND IS STRICTLY LIMITED TO SUCH DISTRICT’S REPAYMENT OBLIGATION UNDER ITS RESOLUTION AND NOTE. SEE “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” HEREIN.

Additional Notes

Each District may issue one or more additional series of tax and revenue anticipation notes during Fiscal Year 2022-2023 which are payable on either a parity basis (together with its Note, the “Senior Notes”) or a subordinate basis (the “Subordinate Notes”) to its Note (such additional notes collectively referred to herein as “Additional Notes”). See “SECURITY AND SOURCE OF PAYMENT FOR THE

BONDS—Additional Notes” for the conditions imposed upon each District under its Resolution for the issuance of Additional Notes. It cannot be determined at this time whether or how many Districts will issue Additional Notes or what the size of the Additional Notes may be.

Additional Bonds

Upon satisfaction of certain provisions of the Indenture, the Authority may issue one or more additional series of bonds (the “Additional Bonds”) pursuant to a supplemental indenture or a separate indenture. The Additional Bonds, if any, will be payable from and secured by a pledge and assignment of a separate pool of tax and revenue anticipation notes issued by certain school districts, county boards of education and community college districts, some of which may be Districts that have previously issued Notes. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Additional Bonds” and “THE AUTHORITY.”

COVID-19 Pandemic

The COVID-19 (as defined herein) pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the Districts cannot at this time predict the impacts that the COVID-19 pandemic may have on their enrollment, average daily attendance, operations and finances, property values in the Districts, and economic activity in the Districts, the State and the nation, among others. For specific information on the impact of the COVID-19 pandemic on the security and source of payment for the Bonds, its effect on the Districts and its effect on the State budget, see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Considerations Regarding COVID-19”.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Bond Counsel to the Authority with respect to the Bonds. Orrick, Herrington & Sutcliffe LLP, will receive compensation from the Authority contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter (defined herein) by Kutak Rock LLP, Denver, Colorado, as Underwriter’s Counsel. Kutak Rock LLP will also issue its special opinion with respect to the issuance of the Notes by the Districts. Dale Scott & Company, San Francisco, California, is acting as Financial Advisor to the Authority with respect to the Bonds. Dale Scott & Company has, in the past five years, made monetary donations to the Golden Valley Unified School District (a Series C District). Kutak Rock LLP and Dale Scott & Company will receive compensation contingent upon the sale and delivery of the Bonds.

Additional Information

For specific information on the impact of the COVID-19 (as defined herein) pandemic on the security and source of payment for the Bonds, its effect on the Districts (as defined herein) and its effect on the State budget, see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Considerations Regarding COVID-19”.

All capitalized words, unless otherwise defined herein, shall have the meanings set forth in “SUMMARY OF LEGAL DOCUMENTS—DEFINITIONS OF CERTAIN TERMS” in Appendix A hereto.

Brief descriptions or summaries of the Authority, the Districts, the Notes, the Bonds, the Indenture, the standard form of the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Indenture, the Notes, the standard form of

the Resolution and other documents, agreements and statutes referred to herein and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents are available upon request during the initial offering period from Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Public Finance, and thereafter from U.S. Bank Trust Company, National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust (the “Principal Office”).

DESCRIPTION OF THE BONDS

Authority for Issuance

The Authority was formed pursuant to a Joint Exercise of Powers Agreement entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. See “THE AUTHORITY” herein. The Bonds are being issued by the Authority pursuant to the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code and the Indenture.

Denominations; Payments of Principal and Interest

The Bonds shall be prepared in the form of fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner of the Bonds and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners of the Bonds or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

The Bonds will be dated the date of initial delivery and execution thereof, and bear interest from the date of their initial issuance, with interest payable at maturity. The Series A Bonds and the Series D Bonds shall mature on May 31, 2023. The Series B Bonds and the Series C Bonds shall mature on June 30, 2023. The Bonds shall bear interest at the rate of 4.000% per annum. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable when due by wire transfer by the Trustee, as paying agent, to Cede & Co., as nominee for DTC, which is expected, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See “—Book-Entry-Only System” below. Interest payable on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Registration of Bonds

The Trustee is required to maintain registration books at its Principal Office for the registration of ownership, transfer and exchange of Bonds. The Trustee may deem and treat the registered owner of any Bond as the absolute owner thereof for all purposes.

No Redemption Prior to Maturity

Neither the Bonds nor the Notes are subject to redemption prior to maturity.

Book-Entry-Only System

The following information concerning DTC and DTC's book-entry system is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Direct Participants and Indirect Participants (each as defined below and collectively, the "DTC Participants") nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. The current "Rules" applicable to DTC are on file with the U.S. Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds in the aggregate principal amount of such series of Bonds 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 (the "Indirect Participants"). DTC has a Standard & Poor's credit rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name

of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 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 and Note Documents. For example, Beneficial Owners of the 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.

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

Principal of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee 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 Trustee or the Districts, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture.

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

THE AUTHORITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OR INDIRECT PARTICIPANTS, PAYMENTS ON THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR ANY NOTICES SENT TO DTC OR ITS NOMINEE, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY IS NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENTS OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR ANY ERROR OR DELAY RELATING THERETO.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The Bonds

Subject to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein, all right, title and interest of the Authority in each pool of the Notes assigned to a series of Bonds and all payments made on all of the Notes of such pool are irrevocably assigned and pledged and transferred to the Trustee for the benefit of the respective Owners of the corresponding series of the Bonds and, as applicable, subject to the payment priority provisions described below under "—The Notes," the payments on each series of the Notes of such a pool of Notes shall be used for the punctual payment of principal of and interest on such corresponding series of Bonds. The aggregate principal of and interest due on each pool of Notes when due is structured to be sufficient to pay all principal of and interest on the corresponding series of Bonds when due.

Additional Bonds

Pursuant to the Indenture, the Authority may at any time issue one or more series of Additional Bonds pursuant to a supplemental indenture, secured by and payable from one or more additional pools of additional notes issued by some or all of the Districts and/or other school districts, county offices of education and community college districts which are separate and distinct from each pool of Notes securing each corresponding series of Bonds.

Additional Notes

Each District (or the county on its behalf, as applicable) may at any time issue pursuant to its Resolution, one or more series of Additional Notes consisting of Senior Notes or Subordinate Notes, subject in each case to the following specific conditions, which are conditions precedent to the issuance of any such series of Additional Notes:

- (1) The District shall not have issued any tax and revenue anticipation notes relating to the 2022-2023 Fiscal Year except (a) in connection with the Program under its Resolution, or (b) notes secured by a pledge of its Unrestricted Revenues that is subordinate in all respects to the pledge of Unrestricted Revenues under its Resolution; the District shall be in compliance with all agreements and covenants contained in its Resolution; and no Event of Default (as defined in the District's Resolution) shall have occurred and be continuing with respect to its Note or any such outstanding previously issued notes or series of Additional Notes.

(2) The aggregate principal amount of its Note and Additional Notes issued and at any time outstanding under its Resolution shall not exceed any limit imposed by law, by its Resolution or by any resolution of the Board of such District amending or supplementing its Resolution (each a “Supplemental Resolution”).

(3) Whenever the District shall determine to issue, execute and deliver any Additional Notes pursuant to its Resolution, the principal amount of its Additional Notes, when added to the principal amounts of its Note and Additional Notes previously issued by the District, would exceed the maximum amount of borrowing authorized by its Resolution, the District shall adopt a Supplemental Resolution amending its Resolution to increase the maximum amount of borrowing as appropriate. The Supplemental Resolution may contain any other provision authorized or not prohibited by its Resolution relating to such Additional Notes.

(4) The District may issue a series of Additional Notes that are Senior Notes payable on a parity with its Note and all other series of Senior Notes of the District or that are Subordinate Notes payable on a parity with one or more series of outstanding Subordinate Notes, only if it obtains (a) the consent of each credit provider, if any, relating to each previously issued series of Additional Notes that will be on a parity with such series of Additional Notes, and (b) evidence that no rating then in effect with respect to any outstanding series of Bonds or series of Additional Bonds, as applicable, from a Rating Agency will be withdrawn, reduced, or suspended solely as a result of the issuance of such series of Additional Notes (a “Rating Confirmation”). Except as provided in its Resolution, the District may issue one or more series of Additional Notes that are subordinate to its Note and all previously issued series of Additional Notes of the District without any credit provider consent or a Rating Confirmation. The District may issue tax and revenue anticipation notes other than in connection with the Program under its Resolution only if such notes are secured by a pledge of its unrestricted revenues that is subordinate in all respects to the pledge of Unrestricted Revenues under its Resolution.

(5) Before such Additional Notes shall be issued, the District shall file or cause to be filed the following documents with the Trustee:

(a) An opinion of counsel to the District to the effect that (A) such Additional Notes constitute the valid and binding obligations of the District, (B) such Additional Notes are special obligations of the District and are payable from the moneys pledged to the payment thereof in its Resolution, and (C) the applicable Supplemental Resolution, if any, has been duly adopted by the District.

(b) A certificate of the District certifying as to the incumbency of its officers and stating that the requirements set forth in paragraphs (1)-(5) above have been met.

(c) A certified copy of its Resolution and any applicable Supplemental Resolution.

(d) If its Resolution was amended by a Supplemental Resolution to increase the maximum amount of borrowing, the resolution of the applicable County Board of Supervisors approving such increase in the maximum amount of borrowing and the issuance of such Additional Notes, or evidence that such County Board of Supervisors has elected to not issue such Additional Notes.

(e) An executed counterpart or duly authenticated copy of the applicable purchase agreement with respect to the series of Additional Notes.

(f) A Pricing Confirmation relating to the series of Additional Notes duly executed by an authorized officer of the District.

(g) The series of Additional Notes duly executed by the applicable County representatives, or executed by the applicable authorized officers of the District if the County shall have declined to issue the series of Additional Notes in the name of the District, either in connection with the initial issuance of the Notes or in connection with any Supplemental Resolution increasing the maximum amount of borrowing.

(h) If the Additional Notes are to be parity Senior Notes or parity Subordinate Notes, consent of any credit provider required pursuant to paragraph (4)(a) above and the Rating Confirmations required pursuant to paragraph (4)(b) above.

The Notes

Each Note of each District is issued under the authority of the Act and pursuant to such District's Resolution. The issuance of each Note is expected to provide moneys to anticipate taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2022-2023 which will be received by or accrued to each District for its general fund during such Fiscal Year 2022-2023. Pursuant to the Original Indenture and each applicable Supplemental Indenture, each Note of each District will be purchased with proceeds of the respective series of Bonds and irrevocably deposited with and pledged and transferred to the Trustee for the benefit of the Owners of such series of Bonds. For a list of the names of the Districts, the Notes issued by each of the Districts, and the principal amount of the Notes being issued by each of the Districts, see "PARTICIPATING DISTRICTS" herein.

The principal amount of each Note of a District, together with the interest thereon, shall be payable from the Unrestricted Revenue of such District. As security for the payment of the principal of and interest on its Note, subject to the payment priority provisions of such District's Resolution, each District has pledged the Pledged Revenues of such District in the Repayment Period, as further specified herein. As provided in Section 53856 of the California Government Code, except as otherwise described in the Resolution of such District, the Note of each District and the interest thereon, will be a first lien and charge against, and will be payable from the first moneys received by such District from, the Pledged Revenues of such District, subject to the payment priority provisions of such District's Resolution as described below.

In order to effect, in part, this pledge, each District agrees under its Resolution to the establishment and maintenance of a Payment Account related to its Note and, if applicable, a separate Payment Account related to each Series of Additional Notes, by the Trustee under the Indenture, as the responsible agent to maintain such fund until the payment of the principal of and interest on such District's Note, and, if applicable, its Additional Notes. Each District agrees under its Resolution to cause to be deposited directly in each Payment Account (and shall request specific amounts from such District's funds on deposit with such District's county treasurer for such purpose) the first Unrestricted Revenues received in each Repayment Period as described under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Note Repayment Period" herein with respect to each such District's Note and any Unrestricted Revenues received thereafter until the amount on deposit in the Payment Account related to its Note, taking into consideration anticipated investment earnings thereon to be received by the maturity of such Note, is equal in the respective Repayment Periods applicable to such District to the percentage of the principal and interest due on such Note at maturity applicable to such District as described under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Note Repayment Period."

If a District issues one or more series of Additional Notes, such District also agrees under its Resolution to cause to be deposited directly in each Payment Account a pro rata share (as described below)

of the first Unrestricted Revenues received in the Repayment Period applicable thereto and any Unrestricted Revenues received thereafter until the amount on deposit in each Payment Account, taking into consideration anticipated investment earnings thereon to be received by the maturity date applicable to the Note and respective series of Additional Notes, is equal in the respective Repayment Period applicable to the Note and such series of Additional Notes to the percentages of the principal of and interest due with respect to such Note and series of Additional Notes; provided that such deposits shall be made in the following order of priority: first, pro rata to the Payment Account or Accounts attributable to any series of applicable Senior Notes; second, pro rata to the Payment Account or Accounts attributable to any series of applicable Subordinate Notes (except for any series of Subordinate Notes described in the next clause); and thereafter, to the Payment Account or Accounts attributable to any other applicable series of Subordinate Notes that have been further subordinated to previously issued series of Subordinate Notes, in such order of priority.

With respect to each series of Additional Notes, the length of any individual Repayment Period determined in the related Pricing Confirmation shall not exceed the greater of three (3) consecutive calendar months or ninety (90) days and the number of Repayment Period(s) determined in the related Pricing Confirmation shall not exceed six (6); provided that the first Repayment Period of any series of Subordinate Notes shall not occur prior to the end of the last Repayment Period of any outstanding series of Notes or Additional Notes of a higher priority without the consent of the credit provider, if any, for such outstanding Additional Notes of a higher priority; provided further, that if the first Repayment Period of any series of Subordinate Notes overlaps the last Repayment Period of the Notes or any series of Additional Notes of a higher priority, no deposits shall be made in the Payment Account of such Subordinate Notes until all required amounts shall have been deposited into the Payment Accounts of the Note and all outstanding series of Additional Notes of a higher priority without the consent of the credit provider, if any, for such outstanding series of Additional Notes.

In the event that on the fifth Business Day prior to the end of each Repayment Period (or such other day of each Repayment Period designated in the Pricing Confirmation applicable to the Notes or a series of Additional Notes), a District has not received sufficient Unrestricted Revenues to permit the deposit into its Payment Account attributable to its Note and any Payment Accounts attributed to its Additional Notes of the full amount of Pledged Revenues to be deposited in such Payment Account from its Unrestricted Revenues in such Repayment Period, then the amount of any deficiency shall be satisfied and made up from any other moneys of such District lawfully available for the payment of the principal of its Note, its Additional Notes, if any, and the interest thereon, as and when such other moneys are received or are otherwise legally available in the following order of priority: first, to satisfy pro rata any deficiencies attributable to any series of Senior Notes; second, to satisfy pro rata any deficiencies attributable to any series of Subordinate Notes (except for any series of Subordinate Notes described in the next clause); and thereafter, to satisfy any deficiencies attributable to another series of Subordinate Notes that have been further subordinated to previously issued series of Subordinate Notes, in such order of priority.

Subject to the payment priority provisions of each Resolution, any moneys placed in the Payment Account of (i) a Series A District attributable to its Series A Note shall be for the benefit of the Owners of the Series A Bonds; (ii) a Series B District attributable to its Series B Note shall be for the benefit of the Owners of the Series B Bonds; (iii) a Series C District attributable to its Series C Note shall be for the benefit of the Owners of the Series C Bonds; and (iv) a Series D District attributable to its Series D Note shall be for the benefit of the Owners of the Series D Bonds.

Subject to the payment priority provisions of each Resolution, the moneys in such Payment Account shall be applied only for the purposes for which such Payment Account is created until the principal of such Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity.

On the maturity date of each Note, the moneys in the Payment Account of each District attributable to its Note shall be transferred by the Trustee to pay the principal of and interest on each such District's Note when due. In the event that moneys in a District's Payment Account attributable to its Note or any Additional Notes are insufficient to pay the principal of and interest on its Note or any Additional Notes in full when due, moneys in such Payment Account, together with moneys in the Payment Accounts of all other outstanding Notes or series of Additional Notes issued by such District, shall be applied in the following order of priority with respect to all series of Senior Notes, including the Note: first, to pay interest on such District's Note and additional Senior Notes, if any, pro rata; and second, to pay principal of such District's Note and additional Senior Notes, if any, pro rata.

State Funding of Education

The State annually appropriates funds for kindergarten through community college ("K-14") education. In prior years, and most recently due to the effects of the COVID-19 pandemic on the State's budget, the State has experienced budgetary difficulties. For more information, see "—Considerations Regarding COVID-19" below and "APPENDIX B—GENERAL DISTRICT FINANCIAL INFORMATION—State Funding of Education" herein.

Deposit and Pledge of Notes

Subject to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in such Indenture, (i) all right, title and interest of the Authority in each pool of the Notes assigned to Bonds of a series and to all payments made on such pool of Notes, are irrevocably assigned and pledged and transferred to the Trustee for the benefit of the respective Owners of the corresponding series of Bonds, (ii) the payments on each pool of the Notes assigned to Bonds of a series shall be used for the punctual payment of the interest on and principal of its related series of Bonds, and (iii) each pool of the Notes shall not be used for any other purpose (including the payment of any other series of Bonds or other bonds of the Authority, or reimbursements to any credit enhancer related thereto) so long as any of such corresponding series of Bonds secured by such pool of Notes remain Outstanding.

Notwithstanding any other provisions of the Indenture, with regard to a District that has issued Additional Notes, to the extent, on any Interest Payment Date or Principal Payment Date applicable to the District's Note or Additional Notes, there is a deficiency with respect to the Note or any Additional Notes of such District and to the extent any payment on any Note or Additional Notes of such District is being made from moneys other than the proceeds of its Note or Additional Notes, the Trustee shall apportion all such payments received from such District relating to all of its Notes and Additional Notes in accordance with the priority provisions set forth in such District's Resolution. See "—The Notes" above.

Subject to the immediately preceding paragraph, and to the extent permitted by law, the assignment, transfer and pledge effected by the Indenture shall constitute a lien on and security interest in the principal and interest payments of and all other rights under the Notes for the foregoing purpose in accordance with the terms of the Indenture and shall attach, be perfected and be valid and binding from and after delivery to the Authority of the Notes. Each District has approved, and the Trustee will accept, such assignment of such District's Note.

The Districts shall pay directly to the Trustee all principal and interest payments on the Notes. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the Indenture and shall be deposited by the Trustee, as and when received, in the appropriate Payment Account attributed to the corresponding Notes in the Bond Payment Fund established under the Indenture, and all moneys in such Payment Accounts shall be held in trust by the Trustee for the benefit and security of the Owners of the related Series of Bonds to the extent provided in the Indenture.

Moneys in any District's Payment Account attributed to its Note shall not be used in any manner (directly or indirectly) to make up any deficiency in any other District's Payment Account.

Note Repayment Period

Series A Notes

The Repayment Period and applicable percentage of principal of and interest on each Series A District's Note to be deposited in each Series A District's Payment Account attributable to its Series A Note (together with anticipated investment earnings thereon to be received by the maturity of such District's Note) from the first amounts received in such Repayment Period and any amounts received thereafter attributable to Fiscal Year 2022-2023 until such amounts are on deposit are as described below:

<u>Repayment Period</u>	<u>Applicable Percentage</u>
April 1, 2023 through and including April 30, 2023	100% of total principal and interest due at maturity

Series B Notes

The Repayment Period and applicable percentage of principal of and interest on each Series B District's Note to be deposited in each Series B District's Payment Account attributable to its Series B Note (together with anticipated investment earnings thereon to be received by the maturity of such District's Note) from the first amounts received in such Repayment Period and any amounts received thereafter attributable to Fiscal Year 2022-2023 until such amounts are on deposit are as described below:

<u>Repayment Period</u> (Cabrillo Unified, Mountain-View Los Altos and Pacific Grove only)	<u>Applicable Percentage</u>
April 1, 2023 through and including April 30, 2023	100% of total principal and interest due at maturity

<u>Repayment Period</u> (Lakeside Joint and Loma Prieta Joint only)	<u>Applicable Percentage</u>
May 1, 2023 through and including May 31, 2023	100% of total principal and interest due at maturity

<u>Repayment Period</u> (Carpinteria Unified only)	<u>Applicable Percentage</u>
June 1, 2023 through and including June 30, 2023	100% of total principal and interest due at maturity

Series C Notes

The Repayment Period and applicable percentage of principal of and interest on each Series C District's Note to be deposited in each Series C District's Payment Account attributable to its Series C Note (together with anticipated investment earnings thereon to be received by the maturity of such District's Note) from the first amounts received in such Repayment Period and any amounts received thereafter attributable to Fiscal Year 2022-2023 until such amounts are on deposit are as described below:

<u>Repayment Period</u>	<u>Applicable Percentage</u>
April 1, 2023 through and including April 30, 2023	100% of total principal and interest due at maturity

Series D Note

The Repayment Period and applicable percentage of principal of and interest on the Series D District's Note to be deposited in the Series D District's Payment Account attributable to its Series D Note (together with anticipated investment earnings thereon to be received by the maturity of such District's Note) from the first amounts received in such Repayment Period and any amounts received thereafter attributable to Fiscal Year 2022-2023 until such amounts are on deposit are as described below:

<u>Repayment Period</u>	<u>Applicable Percentage</u>
April 1, 2023 through and including April 30, 2023	100% of total principal and interest due at maturity

On the date of issuance of the Bonds, all of the Districts are expected to invest the proceeds of the sale of the applicable series of Bonds (net of the Costs of Issuance) and repayments on their Notes (i.e., amounts held in or withdrawn from the Proceeds Subaccounts attributable to the Notes in the Proceeds Fund and to be held in the Payment Accounts attributable to the Notes in the Bond Payment Fund) in the respective county investment pools. See "INVESTMENT OF DISTRICT FUNDS—County Investment Pools" herein. In addition, each District may also invest the funds attributable to its Note in other Permitted Investments. See "APPENDIX A—SUMMARY OF LEGAL DOCUMENTS—DEFINITIONS OF CERTAIN TERMS" herein for the definition of "Permitted Investments." Income derived from the investment of such amounts will be credited to the fund or account from which such investment was made. Although the Districts are obligated to pay principal of and interest on their Notes on the maturity date for the Notes as described herein under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," if there is a payment default in connection with any of the applicable investments, there may not be sufficient funds in the Payment Accounts attributable to the Notes in the Bond Payment Fund on the maturity date to pay all of the principal of and interest on the corresponding series of Bonds.

Defaulted Notes

In the event of default by any District in the payment of any of the principal of or interest on its Note when due, such Note shall be a Defaulted Note and the unpaid portion thereof shall be deemed outstanding and shall not be deemed paid until all amounts due thereon have been paid in full.

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 one or more of the Districts' financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the State and for the Districts. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States of America. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected 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 of America. 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.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF (as defined herein) 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 streamlined the process of applying for such waivers for closures related to COVID-19 and (ii) directed 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 average daily attendance reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-2020 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 average daily attendance 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.

On March 19, 2020, the Governor ordered all California 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 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”), was signed by the Governor, which took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-2021 school 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.

On August 28, 2020, the Governor released a new system, Blueprint for a Safer California (the “State Blueprint”), which placed 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, and established criteria for loosening and tightening restrictions on activities. Counties were required to spend at least three weeks in each tier before advancing to the next one. To move forward, a county was required to meet the next tier’s criteria for two consecutive weeks. If a county’s case rate and positivity rate fell into different tiers, the county was required to remain in the stricter tier.

Under the State Blueprint, schools were permitted 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 June 3, 2021. Pursuant to the Guidelines, prior to reopening for in-person instruction, all schools were required to 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 were permitted to reopen for in-person instruction at all grades. Schools serving grades 7-12 in the purple tier were not permitted to 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 was less than 25 cases per 100,000 of population. Schools had a three-week period to open, starting the day the county meets the criterion for reopening, even if the county stopped meeting the criterion during that window. If a school opened while the county was in the red, orange, or yellow tier, and the county reverted to the purple tier, or if a school opened while the county was in the purple tier, and the county case rate later exceeded the criteria described above, individual school sites were 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 were also permitted to continue to offer in-person instruction.

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under Tier One (Purple) of the State Blueprint, 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 five 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 had 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 remained in effect and unchanged. Schools that had reopened for in-person instruction could remain open, and schools could 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 was lifted on January 25, 2021, with all counties returning to restrictions according to their respective tiers under the State Blueprint.

On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which included 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 Consolidated Appropriations Act, 2021 provided 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.

On February 23, 2021, the Governor signed legislation providing \$7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid. It included sending a \$600 rebate to low-income, disabled and undocumented persons when 2020 taxes were filed, \$2 billion in grants to help small business, \$35 million for food and diaper banks and \$400 million in subsidies for childcare providers. It also reversed cuts made last summer to public universities and State courts when the State experienced a record-breaking budget deficit.

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (the “ARP Act”), a \$1.9 trillion economic stimulus plan that provided another round of stimulus checks to individuals and families, extended federal supplemental unemployment benefits, provided more funding for state and local governments, expanded subsidies for healthcare insurance, and provided additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions that affected many industries, businesses, and individuals. With respect to relief for educational agencies, grants of \$125.8 billion were provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. Funding can be used for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment. At least 20% of the funding was to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs.

On June 11, 2021, the Governor issued two executive orders. The first order rescinded several previous executive orders effective June 15, 2021, including the Stay Home Order and the order that led to the establishment of the Blueprint. The second order began the process of winding down the State’s COVID 19-related executive orders in several phases: by June 30, 2021 (including most of Order N-26-20); by July 31, 2021; and by September 30, 2021. Under the order’s timeline, by September 30, 2021, nearly 90% of the executive actions taken since March 2020 were lifted. In addition, on June 11, 2021, the California Department of Public Health issued an order that took effect on June 15, 2021. The order replaced the previous public health orders, allowing all sectors to return to usual operations, with limited exceptions for events characterized by large crowds (greater than 5,000 attendees indoors and 10,000 attendees outdoors), which required (indoors) or recommended (outdoors) vaccine verification and/or negative testing through October 1, 2021. Face coverings were required in certain settings, such as on public transit, indoors in schools and childcare settings, and in healthcare settings, as well as, for unvaccinated individuals, in all indoor public settings and businesses. Additionally, Californians were required to follow existing guidance for K-12 schools, childcare programs, and other supervised youth activities. On February 16, 2022, the

State-wide mask mandate was lifted for vaccinated individuals in most settings, although masks were still required in schools, and individual counties can still require masks to be worn. The mask mandate for schools was allowed to lapse after March 11, 2022.

Other potential impacts to the Districts 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 if schools are required to be 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 tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development.

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 Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). Such information is not incorporated by reference and neither the Authority nor the Districts assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the operations and finances of any of the Districts 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 any of the Districts, or adversely impact enrollment or average daily attendance within any of the Districts and, materially adversely impact the financial condition or operations of any of the Districts.

THE AUTHORITY

The California School Cash Reserve Program Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, as amended, by and among Newhall Elementary School District, Delano Union School District, Sulphur Springs Union School District and Moorpark Unified School District (collectively, the "Members"), originally dated April 15, 1993, and has the power to issue, sell and deliver bonds for any purpose authorized under Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. Since inception, the Program used either certificates of participation or bonds issued by the Authority. For a variety of reasons, in recent years the Program has been structured to provide for the delivery of bonds. If Additional Notes are issued by the Districts, the Resolutions authorize the Authority to issue Additional Bonds. The Bonds do not constitute a lien or charge upon any funds or property of the Authority, except to the extent of the pledge of funds as set forth in the Indenture. The Bonds are not a debt of any District or any Member, and no such District or Member is liable in any manner for the payment thereof.

APPLICATION OF PROCEEDS

The proceeds, including premium, from the sale of the Bonds are anticipated to be used in the aggregate amounts as follows:

Proceeds Fund	\$64,442,032.30
Costs of Issuance*	<u>334,030.00</u>
Total	\$64,776,062.30

*Includes legal fees, trustee fees, rating agency fees, financial advisor fees and Underwriter's discount.

INVESTMENT OF DISTRICT FUNDS

General

Education Code Section 41001 *et seq.* provides that all school district funds, except as otherwise set forth below, shall be deposited into the county treasury to the credit of the proper fund of such district. Education Code Section 41015 provides that funds held in a special reserve fund or any surplus moneys not required for the immediate necessities of such district may be invested in investments specified in Section 16430 or 53601 of the Government Code. In addition, Government Code Section 53853(b) authorizes the Districts to direct the investment of their Note proceeds and amounts held by the Trustee under the Indenture. Accordingly, all funds of the Districts not subject to the exception, including cash receipts and other moneys received by the Districts for deposit to the general fund and other funds not described above of the Districts and attributable to Fiscal Year 2022-2023, are deposited with the applicable county treasury, to remain on deposit therein and generally available for the payment of current expenses and other obligations of the Districts until deposited into such Districts' respective Proceeds Subaccounts and Payment Accounts.

Sections 27130 through 27137 of the Government Code require the board of supervisors in a county investing surplus funds to establish a treasury oversight committee. In general, the provisions (a) require the treasury oversight committee to consist of between three and 11 members nominated by the treasurer and confirmed by the board of supervisors; (b) prohibit committee members from raising money for the treasurer or the board of supervisors and restrict employment by members of the committee; (c) require the annual preparation of an investment policy to be reviewed and monitored by the treasury oversight committee, which shall include, among other things, a list of the type of securities in which the county treasury may invest and the maximum term of such securities, criteria for the selection of securities brokers and dealers, the requirement that the county treasurer provide the oversight committee with an investment report as required by the board of supervisors, the manner of calculating and apportioning costs, and criteria for considering requests to withdraw funds from the county treasury; (d) require performance of an annual audit by the treasury oversight committee to ensure compliance with established investment policies; and (e) permit the treasurer to grant withdrawal requests for the purposes of investing or depositing such funds outside of the treasury pool only upon a finding by the treasurer that the withdrawal will not adversely affect the other depositors in the pool.

In addition, California Government Code provisions establish a trust and fiduciary relationship between the treasurer, those involved in the treasury investment process and the depositors, investors and participants in the treasury. Such provisions adopt the prudent investor standard for investing, establish priorities for public investing (first safety, second liquidity and finally return on the funds invested), place additional limitations on permitted treasury investments, including restricting the use of reverse repurchase agreement and certain derivative instruments, and establish additional reporting requirements for the treasury.

County Investment Pools

Most, if not all, of the Districts have substantial amounts held and invested in the pooled investment fund of the county in which such District is located. All of the Districts are expected to invest the net proceeds of their Notes and certain other funds held by the Trustee in their Proceeds Subaccounts and Payment Accounts attributable to the Notes in their respective county investment pools. In order for the Districts to invest the net proceeds of their Notes deposited into the applicable Proceeds Subaccounts in their respective county investment pools, such Districts will withdraw such invested amounts from their respective Proceeds Subaccounts. Each District must notify Dale Scott & Company of its election to invest such funds prior to the issuance of the Bonds. All of the Districts have indicated that they intend to invest such funds in its respective county investment pool. Copies of the current investment policies of such counties are available upon request during the initial offering period from Dale Scott & Company.

An investment by a county of Note proceeds typically involves a requisition of the entire amount on deposit in a District's Proceeds Subaccount, with such county treating such amount in the same manner as other funds deposited in such District's general fund. An investment by a county of amounts required to be on deposit in a District's Payment Account requires such county to segregate such amount from other funds of such District.

Although State law requires conservative investment standards by county treasuries as described above under "—General," there can be no assurance that a county investment pool will not suffer significant investment losses.

On December 6, 1994, Orange County, California, filed a petition in bankruptcy. On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of County of Orange v. Merrill Lynch that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the Court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The counties within which the Districts are located hold taxes and other revenues that will be set aside and pledged to repay the Notes. Such taxes and other revenues, as well as the proceeds of the Notes, and the payment of funds during the Repayment Period, are expected to be invested by most, if not all, of the Districts in their respective County Treasury Pool. In the event of a petition for the adjustment of debts of a District under Chapter 9 of the Bankruptcy Code, or in the event of a bankruptcy of a county, a court might hold that the Trustee, as the registered owner of the Note of such District, does not have a valid and prior lien on the proceeds of the Notes, or the Pledged Revenues when such amounts are deposited in the applicable County Treasury Pool, and may not provide the Trustee with a priority interest in such amounts. Such amounts may not be available for payment of principal of and interest on such District's Note unless the Trustee could "trace" the funds which have been deposited in the Treasury Pool. There can be no assurance that the Trustee could successfully so "trace" such invested amounts.

PARTICIPATING DISTRICTS

There are three types of school districts within the State: elementary school districts providing educational services for children in kindergarten through eighth grade in the State, secondary or high school districts providing educational services for children in ninth through twelfth grade in the State, and unified school districts providing educational services for children in kindergarten through twelfth grade in the State. The Series A Notes are expected to be issued by one high school district and two unified school districts. The Series B Notes are expected to be issued by two elementary school districts, one high school district and three unified school districts. The Series C Notes are expected to be issued by one high school

district and four unified school districts. The Series D Note is expected to be issued by one unified school district.

Certain information concerning the Districts is set forth in Appendix C and Appendix D hereto. Appendix C includes cash flow projections for Fiscal Year 2022-2023 for each District, which are based upon numerous assumptions. See “APPENDIX B—GENERAL DISTRICT FINANCIAL INFORMATION—State Funding of Education” herein. Appendix C also includes projected amounts available to be borrowed by each District from alternate cash resources. Pursuant to Education Code Section 42603, a District could temporarily borrow, for its general fund cash flow purposes, up to 75% of funds held by such District outside its general fund. Such District’s board must authorize and direct any transfer of such funds. Additional information obtained from financial statements and budgets of the Districts, as well as each District’s general fund cash flows for Fiscal Year 2021-2022, is available upon request during the initial offering period from Dale Scott & Company, 548 Market Street, Suite 44410, San Francisco, California 94104.

Set forth below are the names of each Series A District, each Series B District, each Series C District, and the Series D District, the County in which each such District is located, the anticipated principal amount of the Note being issued by each such District, and each such District’s Note as a percentage of the aggregate principal amount of the Series in which it is issued.

<u>Series A Districts</u>	<u>County</u>	<u>Principal Amount of Note</u>	<u>Note as % of Aggregate Principal Amount of Series A Notes</u>
Amador County Unified School District	Amador	\$6,250,000	67.97%
Bret Harte Union High School District	Calaveras	945,000	10.28
Lake Tahoe Unified School District	El Dorado	<u>2,000,000</u>	<u>21.75</u>
Total		<u>\$9,195,000</u>	<u>100.00%</u>

<u>Series B Districts</u>	<u>County</u>	<u>Principal Amount of Note</u>	<u>Note as % of Aggregate Principal Amount of Series B Notes</u>
Cabrillo Unified School District	San Mateo	\$5,000,000	16.28%
Carpinteria Unified School District	Santa Barbara	5,000,000	16.28
Lakeside Joint School District	Santa Clara	310,000	1.01
Loma Prieta Joint Union Elem. Sch. District	Santa Clara	1,500,000	4.89
Mtn. View-Los Altos Uni. High Sch. District	Santa Clara	12,580,000	40.97
Pacific Grove Unified School District	Monterey	<u>6,315,000</u>	<u>20.57</u>
Total		<u>\$30,705,000</u>	<u>100.00%</u>

<u>Series C Districts</u>	<u>County</u>	<u>Principal Amount of Note</u>	<u>Note as % of Aggregate Principal Amount of Series C Notes</u>
Conejo Valley Unified School District	Ventura	\$7,215,000	38.29%
El Dorado Union High School District	El Dorado	4,500,000	23.88
Golden Valley Unified School District	Madera	770,000	4.09
Oak Park Unified School District	Ventura	4,590,000	24.36
Yosemite Unified School District	Madera	<u>1,770,000</u>	<u>9.39</u>
Total		<u>\$18,845,000</u>	<u>100.00%</u>

<u>Series D District</u>	<u>County</u>	<u>Principal Amount of Note</u>	<u>Note as % of Aggregate Principal Amount of Series D Note</u>
Ojai Unified School District	Ventura	<u>\$5,000,000</u>	<u>100.00%</u>
Total		<u>\$5,000,000</u>	<u>100.00%</u>

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. The amount treated as interest on the Bonds and excluded from gross income may depend upon the taxpayer’s election under Internal Revenue Service Notice 94-84. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. Complete copies of the proposed opinions of Bond Counsel are set forth in Appendix E hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (a) the stated interest payable at maturity or (b) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the “original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds if the taxpayer elects original issue discount treatment.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (“Premium Bonds”) will be treated as having amortizable bond premium depending upon taxpayers’ election under Internal Revenue Service Notice 94-84. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and each of the Districts have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included

in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinions of Bond Counsel assume the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinions of Bond Counsel are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Other than Districts that do not expect to issue more than \$5,000,000 (or in certain circumstances up to \$15,000,000) in tax-exempt obligations and certain other obligations within the calendar year (a "Small Issuer"), the Districts have covenanted to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of its Note which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to assure that interest on the Bonds is excluded from gross income for federal income tax purposes. Under the Code, if such District spends 100% of the proceeds of its Note within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Bonds to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. Each District expects to either qualify as a Small Issuer or satisfy the six-month expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during the 2022-2023 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, the law of California is unclear as to whether such covenant would require the Districts to pay any such rebate. This would be an issue only if it were determined that a District's calculation of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Districts, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Districts have covenanted, however, to comply with the requirements of the Code.

In recent years, the IRS has increased its audit examination of tax and/or revenue anticipation notes, including pooled tax and/or revenue anticipation note programs, for compliance with federal tax law requirements. There can be no assurance that the IRS will not conduct such an audit with respect to the Bonds. Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Districts or the Bond Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. However, Orrick, Herrington & Sutcliffe LLP ("Orrick") has been bond counsel with respect to all of the prior issues of pool bonds issued by the Authority, and Orrick expects to be bond counsel on future issuances of bonds. In the event of an audit examination by the IRS, Orrick expects to be engaged by the Authority to defend the Authority and the exclusion from gross income of the interest on the Bonds.

Under current procedures, parties other than the Authority, the Districts and their appointed counsel, including the Bond Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Authority or the Districts legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the Districts or the Bond Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

ABSENCE OF LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution or delivery of the Bonds, the Notes, the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the Districts taken with respect to any of the foregoing.

There is no litigation pending or, to the knowledge of the Authority, threatened, questioning the existence of the Authority, or the title of the officers of the Authority to their respective offices, or the power and authority of the Authority to issue the Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "budgeted" and similar expressions

identify forward looking statements. 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.

RATINGS

S&P Global Ratings (“S&P”) has assigned a rating of “SP-1+” on the Series A Bonds, the Series B Bonds and the Series C Bonds, and a rating of “SP-2” on the Series D Bonds. The Bonds are short-term obligations which mature within one year and thus do not qualify for a long-term rating from S&P. Certain information was supplied on behalf of the Authority and the Districts to S&P to be considered in evaluating the Bonds. Any rating issued will reflect only the views of S&P, and any explanation of the significance of such rating on the Bonds should be obtained from S&P as follows: S&P Global Ratings, 55 Water Street, New York, New York 10041. There is no assurance that a rating obtained for each of the series of Bonds will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P for the Bonds if, in its judgment, circumstances so warrant. The Authority and the Districts undertake no responsibility either to bring to the attention of the Owners of the Bonds downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Series A Bonds are to be purchased by the Underwriter at a price of \$9,329,614.80 (representing the principal amount of the Series A Bonds plus a premium of \$143,809.80 less the Underwriter’s discount of \$9,195.00). The Series B Bonds are to be purchased by the Underwriter at a price of \$31,182,462.75 (representing the principal amount of the Series B Bonds plus a premium of \$508,167.75 less the Underwriter’s discount of \$30,705.00). The Series C Bonds are to be purchased by the Underwriter at a price of \$19,138,039.75 (representing the principal amount of the Series C Bonds plus a premium of \$311,884.75 less the Underwriter’s discount of \$18,845.00). The Series D Bonds are to be purchased by the Underwriter at a price of \$5,062,200.00 (representing the principal amount of the Series D Bonds plus a premium of \$67,200.00 less the Underwriter’s discount of \$5,000.00). The Purchase Contract provides that the obligations to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds of each series to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

CERTAIN LEGAL MATTERS

At the time of the delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority, will deliver its final approving opinions. Proposed forms of such approving opinions are contained in Appendix E hereto and will be delivered to The Depository Trust

Company with the Bonds. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP. Kutak Rock LLP will also issue its special opinion with respect to the issuance of the Notes by the Districts. Payment of the fees of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and Kutak Rock LLP, Underwriter's Counsel and Special District's Counsel is contingent upon the issuance of the Bonds.

TRUSTEE

The Authority has appointed U.S. Bank Trust Company, National Association (the "Trustee"), a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture and other documents related to the Bonds. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

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

Additional information about the Trustee may be found at its website at <http://www.usbank.com/corporatetrust>. The Trustee's website is not incorporated into this Official Statement by such reference and is not a part hereof.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement related to all series of Bonds, dated as of July 1, 2022 (the "Continuing Disclosure Agreement"), by and between the Authority and U.S. Bank Trust Company, National Association, as Dissemination Agent, the Authority has agreed (the "Undertaking") for the benefit of the holders and beneficial owners of each series of the Bonds as follows, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, Section 240.15c2-12) (the "Rule").

The Authority shall give, or cause to be given, through the Dissemination Agent, notice of the occurrence of any of the following events with respect to the applicable series of the Bonds, not later than ten business days after the occurrence of an event: (a) principal and interest payment delinquencies; (b) unscheduled draws on debt service reserves reflecting financial difficulties; (c) unscheduled draws on credit enhancements reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determination of taxability or a Notice of Proposed Issue (IRS Form 5701 TEB); (f) tender offers; (g) defeasances; (h) rating changes; (i) bankruptcy, insolvency, receivership or similar event of the obligated person; or (j) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation (as defined below) of the obligated person, any of which reflect financial difficulties.

For the purposes of the event identified in (i) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The Authority shall also give, or cause to be given, through the Dissemination Agent, notice of the occurrence of any of the following events with respect to the applicable series of Bonds, if material, not later than ten business days after the occurrence of the event: (i) unless described in (e) above, other material notices or determinations with respect to the tax status of such series of Bonds or other material events affecting the tax status of such Bonds; (ii) modifications to rights of the Owners of such series of Bonds; (iii) optional, unscheduled or contingent Bond calls; (iv) release, substitution or sale of property securing repayment of such series of Bonds; (v) non-payment related defaults; (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (vii) appointment of a successor or additional trustee or the change of name of a trustee; or (viii) incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

The Authority’s obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the applicable series of Bonds. If such termination occurs prior to the final maturity of the applicable series of Bonds, the Authority shall give notice of such termination in the same manner as for a listed event (as set forth in the second and fourth paragraphs above in this section entitled “—Continuing Disclosure”).

Notwithstanding any other provision of the Continuing Disclosure Agreement, the Authority and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions regarding the giving of a listed event notice (discussed above), 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;

(ii) 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; and

(iii) The amendment or waiver either (A) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or Beneficial Owners, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, notice of such change shall be given in the same manner as for a listed event (as discussed above), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other notice of occurrence of a listed event (as discussed above), in addition to that which is required by the Continuing Disclosure Agreement. If the Authority chooses to include any information in any notice of occurrence of a listed event (as discussed above) in addition to that which is specifically required by the Continuing Disclosure Agreement, the Authority shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future notice of occurrence of a listed event (as discussed above).

In the event of a failure of the Authority to comply with any provision of the Continuing Disclosure Agreement, any holder or Beneficial Owner of the applicable series of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Authority to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

A failure by the Authority to comply in any material respect with the terms of the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the applicable series of Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

During the last five years, the Authority has not failed to comply in any material respect with any previous undertaking with regard to said Rule.

The Districts have covenanted to notify the Trustee within 5 days of any Default or Event of Default of which such District has knowledge, setting forth the details of such Default or Event of Default and any and all action which such District has taken or proposes to take with respect thereto. Furthermore, in order to assist the Authority in fulfilling its obligation to timely report the occurrence of certain enumerated events as set forth in the Continuing Disclosure Agreement (as discussed above), the Districts have each covenanted, and each have an obligation, to report to the Authority and the Trustee, the occurrence of each of the following events within 5 business days of each such occurrence: (i) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation (as defined above) of such District, any of which reflect financial difficulties, and (ii) the incurrence of a Financial Obligation of such District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of such District, any of which affect security holders, if material.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement by the Authority acting on behalf of itself and each of the Districts have been duly authorized by the Authority and each District under its respective Resolution.

CALIFORNIA SCHOOL CASH RESERVE
PROGRAM AUTHORITY

By: /s/ Kelli Hays _____

Title: Chair _____

APPENDIX A

SUMMARY OF LEGAL DOCUMENTS

The following summary discussion of selected provisions of the form of Resolution and the Indenture is made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of such provisions and prospective purchasers of the Bonds are referred to the complete texts of such documents, copies of which are available during the initial offering period from the Underwriter, and thereafter from the Trustee.

DEFINITIONS OF CERTAIN TERMS

The following terms shall have the following meanings unless the context expressly or by necessary implication requires otherwise:

“*Additional Bonds*” means all additional bonds of the Authority authorized by and at any time Outstanding pursuant to the Indenture and a Supplemental Indenture.

“*Additional Notes*” means the additional series of tax and revenue anticipation notes of a District issued pursuant to its Resolution.

“*Authority*” means the California School Cash Reserve Program Authority, duly organized and existing under and by virtue of the laws of the State of California.

“*Authorized District Representative*” means the President, Chair, Secretary or Clerk of the governing board of a District or Superintendent of a District or such other officers of a District designated in such District’s Resolution or any other person at the time designated to act on behalf of such District by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such District by the Chair, President, Clerk or the Secretary of the governing board of such District or the Superintendent of such District.

“*Bond Payment Fund*” means the fund by that name established in the Indenture.

“*Bonds*” means, collectively, the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D Bonds.

“*Business Day*” means any day except (a) Saturday, (b) Sunday or (c) any day on which banks located in the city in which the designated trust office of the Trustee is located, or in San Francisco, California, Los Angeles, California, or New York, New York, are required or authorized to remain closed.

“*Certificate*” or “*Request*” with respect to a District means an instrument in writing signed on behalf of such District by an Authorized District Representative, and with respect to the Authority, means an instrument in writing signed on behalf of the Authority by its Chair, Secretary, Treasurer or Executive Director or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“*Code*” means the Internal Revenue Code of 1986 and the regulations issued or applicable thereunder.

“*Costs of Issuance*” means all items of expense directly or indirectly payable by or reimbursable to a District or the Authority and related to the authorization, execution and delivery of the Notes and the

related sale of the Bonds, which may include but are not limited to costs of preparation, reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee, Trustee counsel fees, bond counsel fees and charges, other legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution, safekeeping and delivery of the Bonds and any other costs, charges or fees (including any supplemental credit enhancement on any individual Note) in connection with the original issuance of the Notes and the Bonds.

“*Costs of Issuance Account*” means the account by that name created in the Costs of Issuance Fund pursuant to the Indenture.

“*Costs of Issuance Fund*” means the fund by that name established pursuant to the Indenture.

“*Default Rate*” means the rate of interest per annum payable with respect to each outstanding portion of each Defaulted Note which is the rate of interest per annum sufficient to produce a yield on the outstanding portion of such Defaulted Note equal to the rates of interest payable on the applicable Series of Bonds thereto (or applicable portions thereof) computed on the basis of a 360-day year consisting of twelve thirty-day months.

“*Defaulted Note*” means a Note any of the principal of or interest on which is not paid on the Maturity Date.

“*Districts*” means the California school districts and, where applicable, the counties electing to be the issuers of the Notes for the school districts that are not fiscally accountable, and in each case their successors and assigns, which are participating in the Program and issuing the Notes.

“*Financial Advisor*” means Dale Scott & Company and its successors and assigns or other financial advisory firm appointed by the Authority.

“*First Supplemental Indenture*” means the First Supplemental Indenture dated as of July 1, 2022, by and between the Trustee and the Authority providing for the issuance of the Series B Bonds.

“*Indenture*” means the Original Indenture, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

“*Interest Payment Date*” means the date on which the interest on each Note becomes due and payable, being the Maturity Date applicable thereto.

“*Maturity Date*” means the date on which the principal of and interest on each Note becomes due and payable, being May 31, 2023, with respect to the Series A Notes and the Series D Note, and June 30, 2023, with respect to the Series B Notes and the Series C Notes.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“*Note Documents*” means, at any time, each of the following as in effect or as outstanding, as the case may be, at such time: (a) the Notes, (b) the Indenture, (c) the Purchase Agreements, (d) the Resolutions, (e) the Purchase Contract, (f) the Bonds, and (g) the closing certificates delivered by the Districts in connection with the issuance of the Notes.

“Notes” means, collectively, the Series A Notes, the Series B Notes, the Series C Note and the Series D Note.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

“Original Indenture” means the Indenture executed and entered into as of July 1, 2022, by and between the Trustee and the Authority.

“Outstanding” means all Bonds except—

- (a) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered by the Trustee under the Indenture.

“Owner” means the registered owner of any Outstanding Bond.

“Payment Accounts” means the accounts created in the Bond Payment Fund under the Indenture relating to a series of Notes and, if applicable, Additional Notes.

“Permitted Investments” means any of the following to the extent then permitted by law:

- (a) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly as to full and timely payment, by the United States of America or securities or other instruments evidencing ownership interest in such obligations and rated in the highest applicable rating category by the Rating Agency then rating the applicable series of Bonds or in specified portions of the interest on or principal of such obligations stripped at Treasury level;
- (b) Any obligations which are then legal investments for moneys of the Districts under the laws of the State of California; provided, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities the debt securities of which are, rated in the highest short-term (with regard to any modifiers) or one of the two highest long-term rating categories by Moody’s and S&P, (or whichever one of them is then rating the applicable series of Bonds);
- (c) Units of a money-market fund portfolio composed solely of obligations guaranteed by the full faith and credit of the United States of America rated in one of the two highest rating categories by Moody’s and S&P (or whichever one of them is then rating the applicable series of Bonds);
- (d) Units of a money-market fund portfolio rated in the highest rating category by S&P and Moody’s;
- (e) The applicable investment agreement, if any, related to the applicable series of Bonds, or any substitute therefor which substitution results in a maintenance of the original rating on the applicable series of Bonds; provided such agreement is with a financial entity (the “Provider”), or with a financial entity whose obligations are guaranteed or insured by a financial

entity (the “Guarantor”), the Provider’s or the Guarantor’s senior debt or investment contracts or obligations under its investment contracts being rated in one of the two highest long-term rating categories by Moody’s and S&P (or whichever one of them is then rating the applicable series of Bonds) or whose commercial paper rating is in the highest rating category (with regard to any modifiers) of each such rating agencies (or whichever one of them is then rating the applicable series of Bonds) or is fully collateralized by investments listed in subsection (a) hereof as required by S&P and Moody’s (or whichever one of them is then rating the applicable series of Bonds) to be rated in one of the two highest rating categories;

(f) Any other prudent investment rated in one of the two highest rating categories by Moody’s and S&P (or whichever one of them is then rating the applicable series of Bonds) approved by the Authority;

(g) The Local Agency Investment Fund managed by the office of the Treasurer of the State of California; or

(h) Any County Treasury of a County in which the District is situated, the proceeds of whose note are to be invested, provided that the investment of such proceeds by the applicable County Treasurer is made in compliance with California Government Code Section 53601.

“*Pool Interest Fund*” means the fund by that name established by the Indenture.

“*Pool Principal Fund*” means the fund by that name established by the Indenture.

“*Pricing Confirmation*” means, collectively, those certain pricing confirmation supplements executed at the time of pricing each of the series of Notes and attached as Schedule I to the Purchase Agreement applicable to such series of Notes.

“*Principal Office of the Trustee*” means the principal corporate trust office of the Trustee, which, for the Trustee initially appointed under the Indenture, is located in Los Angeles, California; provided that for transfer, exchange, payment and registration of Bonds, “Principal Office of the Trustee” means the corporate trust office of U.S. Bank Trust Company, National Association in Los Angeles, California, or such other office specified by the Trustee.

“*Principal Payment Date*” means the date on which principal on the Bonds becomes due and payable, being May 31, 2023, with respect to the Series A Bonds and the Series D Bonds, and June 30, 2023, with respect to the Series B Bonds and the Series C Bonds.

“*Proceeds Fund*” means the fund by that name established in the Indenture.

“*Proceeds Subaccount*” means each Proceeds Subaccount created in the Proceeds Fund under the Indenture relating to a series of Notes or, if applicable, a series of Additional Notes.

“*Program*” means the California School Cash Reserve Program pursuant to which the Bonds are issued to assist Districts in financing cash flow deficits.

“*Purchase Agreement*” means, collectively, those certain Purchase Agreements by and between the respective Districts and the Authority relating to the purchase of the applicable series of Notes by the Authority.

“*Purchaser*” means Piper Sandler & Co., as the underwriter and purchaser of the Bonds.

“*Rating Agency*” means Moody’s and S&P, or whichever one of them is then rating the applicable series of Bonds.

“*Resolutions*” means the respective resolutions adopted by the governing boards of the Districts and, where applicable (and if a respective county elected to do so), in the case of school districts that are not fiscally accountable, the respective resolutions adopted by the county boards of supervisors, in each case authorizing the issuance of the Notes and approving the execution and delivery of the Indenture and the Bonds.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“*Second Supplemental Indenture*” means the Second Supplemental Indenture dated as of July 1, 2022, by and between the Trustee and the Authority providing for the issuance of the Series C Bonds.

“*Series A Bonds*” means the 2022-2023 Bonds, Series A, being issued by the Authority in the aggregate principal amount of \$9,195,000.

“*Series A Notes*” means the tax and revenue anticipation notes issued by the Series A Districts in the respective principal amounts described in the Original Indenture.

“*Series A Interest Account*” means the account by that name created in the Pool Interest Fund pursuant to the Indenture.

“*Series A Principal Account*” means the account by that name created in the Pool Principal Fund pursuant to the Indenture.

“*Series B Bonds*” means the 2022-2023 Bonds, Series B, being issued by the Authority in the aggregate principal amount of \$30,705,000.

“*Series B Notes*” means the tax and revenue anticipation notes issued by the Series B Districts in the respective principal amounts described in the First Supplemental Indenture.

“*Series B Interest Account*” means the account by that name created in the Pool Interest Fund pursuant to the Indenture.

“*Series B Principal Account*” means the account by that name created in the Pool Principal Fund pursuant to the Indenture.

“*Series C Bonds*” means the 2022-2023 Bonds, Series C, being issued by the Authority in the aggregate principal amount of \$18,845,000.

“*Series C Notes*” means the tax and revenue anticipation notes issued by the Series C Districts in the respective principal amounts described in the Second Supplemental Indenture.

“*Series C Interest Account*” means the account by that name created in the Pool Interest Fund pursuant to the Indenture.

“*Series C Principal Account*” means the account by that name created in the Pool Principal Fund pursuant to the Indenture.

“*Series D Bonds*” means the 2022-2023 Bonds, Series D, being issued by the Authority in the aggregate principal amount of \$5,000,000.

“*Series D Note*” means the tax and revenue anticipation note issued by the Series D District in the principal amount described in the Third Supplemental Indenture.

“*Series D Interest Account*” means the account by that name created in the Pool Interest Fund pursuant to the Indenture.

“*Series D Principal Account*” means the account by that name created in the Pool Principal Fund pursuant to the Indenture.

“*Supplemental Indenture*” means any indenture approved by the Authority in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture, or providing for the issuance of Additional Bonds.

“*Third Supplemental Indenture*” means the Third Supplemental Indenture dated as of July 1, 2022, by and between the Trustee and the Authority providing for the issuance of the Series D Bonds.

“*Trustee*” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as Trustee as provided in the Indenture.

“*Underwriter*” means Piper Sandler & Co.

SUMMARY OF DISTRICT RESOLUTIONS

The following is a summary of certain provisions of the form of the Resolution adopted by each District not heretofore summarized under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” contained herein. Reference is made to each Resolution in its entirety for a full recital of the provisions thereof.

Disposition of Proceeds of Note

The moneys received from the sale of the Note allocable to such District’s share of the Costs of Issuance shall be deposited in the applicable Costs of Issuance Account of the Costs of Issuance Fund created pursuant to and held and invested by the Trustee under the Indenture and shall be expended as directed by the Authority on the Costs of Issuance as provided in the Indenture. The moneys received from the sale of the Note designated the “Deposit to Proceeds Subaccount” shall be deposited in such District’s Proceeds Subaccount attributable to its Note created pursuant to, and held and invested by the Trustee under, the Indenture for such District and may be used and expended by such District for any purpose for which it is authorized to use and expend moneys, upon requisition from such Proceeds Subaccount as specified in the Indenture. Subject to the provisions in each Resolution summarized under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” each District covenants and agrees to replenish amounts on deposit in its Proceeds Subaccount attributable to its Note to the extent practicable

from any source of available funds up to an amount equal to the unreplenished withdrawals from such Proceeds Subaccount attributable to such Note.

The Trustee shall transfer to the Payment Account of such District attributable to its Note from amounts on deposit in the Proceeds Subaccount attributable to such Note on the first day of the Repayment Period applicable to such Note amounts which, taking into consideration anticipated earnings thereon to be received by the maturity date of its Note, are equal to the percentages of the principal and interest due on its Note at maturity required to be on deposit therein for the corresponding Repayment Period applicable to the Notes as described under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Note Repayment Period”; provided, however, that on the first day of the Repayment Period for such Note, as designated in the Pricing Confirmation, the Trustee shall transfer all remaining amounts in such District’s Proceeds Subaccount attributable to its Note to its Payment Account attributable to its Note; provided further, however, that with respect to the transfer in the Repayment Period, if the amount on deposit in such Proceeds Subaccount attributable to its Note is less than the corresponding percentage for the Repayment Period applicable to such Note of the principal and interest due with respect to such Note at maturity, the Trustee shall transfer to the Payment Account attributable to the Note of such District all amounts on deposit in such Proceeds Subaccount attributable to its Note on the day designated for such Repayment Period.

Additional Payments

Each District agrees to pay, or cause to be paid, in addition to the amounts payable under its Note, any fees or expenses of the Trustee (i) arising out of an “Event of Default” under its Resolution or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other District). In the case described in clause (ii) above, each District shall owe only the percentage of such fees and expenses equal to the ratio of the Principal Amount of its Note over the aggregate Principal Amounts of all tax and revenue anticipation notes assigned to the applicable series of Bonds issued by the Authority in connection with such Note at the time of original issuance of such Bonds. Such additional amounts will be paid by each District within 25 days of receipt by such District of a bill therefor from the Trustee.

No Joint Obligation; Bond Owners’ Rights

The Series A Note of each Series A District will be issued in conjunction with the Series A Notes of other Series A Districts and will be assigned to a pool of the Series A Notes to secure the Series A Bonds. The Series B Note of each Series B District will be issued in conjunction with the Series B Notes of other Series B Districts and will be assigned to a pool of the Series B Notes to secure the Series B Bonds. The Series C Note of each Series C District will be issued in conjunction with the Series C Notes of other Series C Districts and will be assigned to a pool of the Series C Notes to secure the Series C Bonds. The Series D Note of the Series D District will be assigned to secure the Series D Bonds. The obligation of each District to make payment on its Notes is a several and not a joint obligation and is strictly limited to such District’s repayment obligation under its Resolution and its Note.

Defaults and Remedies

Defaults. If any of the following events occurs under a Resolution, it is an “Event of Default” under such Resolution:

- (a) failure by the District to make, or cause to be made, the deposits to its Payment Account related to its Note required to be made under its Resolution on or before the fifteenth day after the date on which such deposit is due and payable, or failure by the District to make or cause

to be made any other payment required to be paid under its Resolution on or before the date on which such payment is due and payable;

(b) failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under its Resolution, for a period of 15 days after written notice, specifying such failure and requesting that it be remedied, is given to such District by the Trustee (or, if applicable, any credit provider with respect to Additional Notes of such District), unless the Trustee (and, if applicable, any credit provider with respect to Additional Notes of such District) shall agree in writing to an extension of such time prior to its expiration;

(c) any warranty, representation or other statement by or on behalf of the District contained in its Resolution or its Purchase Agreement (or, if applicable, any credit agreement with respect to Additional Notes of such District), or in any requisition delivered by such District or in any instrument furnished in compliance with or in reference to its Resolution or its Purchase Agreement (or, if applicable, any credit agreement with respect to Additional Notes of such District), or in connection with its Note or any Additional Notes, is false or misleading in any material respect;

(d) any event of default constituting a payment default occurs in connection with any other bonds, notes or other outstanding debt of the District;

(e) a petition is filed against the District under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond owners' (or Noteholders') interests;

(f) the District files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(g) the District admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the District or any of its property is appointed by court order or appointed by the State Superintendent of Public Instruction or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond owners' or Noteholders' interests; and

(h) an "Event of Default" by the County under the terms of the resolution, if any, of the County providing for the issuance of the District's Note or Additional Notes, if any.

Remedies. Whenever any Event of Default shall have happened and be continuing under a Resolution, the Trustee shall, in addition to any other remedies provided in the Resolution or by law or under the Indenture, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) without declaring the Note or any Additional Notes of the defaulting District to be immediately due and payable, require such District to pay to the Trustee, for deposit into the

Payment Account of such District attributable to its Note in the Bond Payment Fund under the Indenture (or any Payment Account applicable to Additional Notes of such District), an amount equal to all of the principal of its Note and Additional Notes, if any, and interest thereon to maturity, plus all other amounts due under its Resolution, and upon notice to such District, the same shall become immediately due and payable by such District without further notice or demand; and

(b) take whatever other action at law or in equity (except for acceleration of payment on the Note and Additional Notes, if any, of such District) which may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Resolution or to enforce any other of its rights thereunder.

If any of the principal of and/or interest on a District's Note remains unpaid after the maturity date of the Note, such Note shall become a Defaulted Note, and the unpaid portion (including the interest component, if applicable) thereof shall be deemed outstanding and shall bear interest at the Default Rate until the District's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to such District's Resolution.

Certain Representations and Covenants of the Districts

Each District has represented or covenanted under its Resolution, among other things, that:

(a) such District has (or will have prior to the issuance of its Note) duly, regularly and properly adopted a budget for Fiscal Year 2022-2023 setting forth expected revenues and expenditures and has (or will have prior to the issuance of its Note) complied with all statutory and regulatory requirements with respect to the adoption of such budget, and the District covenants that it will (i) duly, regularly and properly prepare and adopt its revised or final budget for Fiscal Year 2022-2023; (ii) provide to the Trustee, the Underwriter and the Financial Advisor, promptly upon adoption, copies of such revised or final budget and of any subsequent revisions, modifications or amendments thereto; and (iii) comply with all applicable law pertaining to its budget;

(b) the county in which such District is located has experienced an *ad valorem* property tax collection rate of not less than 85% of the average aggregate amount of *ad valorem* property taxes levied within such District in each of the five fiscal years, from Fiscal Year 2016-2017 through Fiscal Year 2020-2021, and such District, as of the date of adoption of its Resolution and on the date of issuance of its Note and, if applicable, Additional Notes, reasonably expects such county to have collected and to collect at least 85% of such amount for Fiscal Years 2021-2022 and 2022-2023, respectively;

(c) such District (i) is not currently in default on any debt obligation; (ii) to the best of its knowledge, has never defaulted on any debt obligation; and (iii) has never filed a petition in bankruptcy;

(d) such District's most recent audited financial statements present fairly the financial condition of such District as of the date thereof and the results of operation for the period covered thereby, and except as has been disclosed to the Underwriter, there has been no change in the financial condition of such District since the date of such audited financial statements that will, in the reasonable opinion of such District, materially impair its ability to perform its obligations under its Resolution and its Note;

(e) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the

best knowledge of such District, threatened against or affecting such District questioning the validity of any proceeding taken or to be taken by such District in connection with its Note, its Additional Notes, if any, its Purchase Agreement, the Indenture or its Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by such District of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on such District's financial condition or results of operations or on the ability of such District to conduct its activities as presently conducted or as proposed or contemplated to be conducted or would materially adversely affect the validity or enforceability of, or the authority or ability of such District to perform its obligations under, its Note, its Additional Notes, if any, its Purchase Agreement, the Indenture or its Resolution;

(f) such District will not directly or indirectly amend, supplement, repeal or waive any portion of its Resolution in any way that would materially adversely affect the interests of the Noteholders or the Owners provided, however, that such District may adopt one or more Supplemental Resolutions without any such consents in order to increase the maximum amount of Additional Notes it may issue thereunder in connection with the issuance of Additional Notes;

(g) such District will not incur any indebtedness that is not issued in connection with the Program under its Resolution and that is secured by a pledge of its Unrestricted Revenues unless such pledge is subordinate in all respects to the pledge of Unrestricted Revenues under its Resolution;

(h) so long as any Bonds are Outstanding applicable to such District's Note, such District will not create or suffer to be created any pledge of or lien on its Note other than the pledge and lien of the Indenture;

(i) as of the date of adoption of its Resolution, based on the most recent report prepared by the Superintendent of Public Instruction of the State, such District did not have a negative certification (or except as disclosed in writing to the Underwriter, a qualified certification) applicable to the Fiscal Year 2021-2022 within the meaning of Section 42133 of the California Education Code. Each District has covenanted that it will immediately deliver a written notice to the Authority, the Underwriter, the Financial Advisor, and Bond Counsel if it (or, in the case of a County Board of Education, the County Superintendent of Schools) files with the County Superintendent of Schools, the County Board of Education or the State Superintendent of Public Instruction, or receives from the County Superintendent of Schools or the State Superintendent of Public Instruction, a qualified or negative certification applicable to Fiscal Year 2021-2022 or Fiscal Year 2022-2023 prior to the Closing Date referenced in the Pricing Confirmation on the maturity of its Note; and

(j) the District will maintain an investment policy consistent with the policy set forth in its Resolution.

Each District also covenants under its Resolution that it will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the applicable series of Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, each District will not make any use of the proceeds of its Note or any other of its funds which would cause the applicable series of Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. Each District, with respect to the proceeds of its Note (or any Bonds related thereto), will comply with all requirements of such sections of the Code and all regulations

of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Indenture not heretofore summarized under the captions “DESCRIPTION OF THE BONDS” and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” contained herein. Reference is made to the Indenture in its entirety for a full recital of the provisions thereof. All capitalized words in the “SUMMARY OF INDENTURE,” unless otherwise defined herein, shall have the meanings set forth under the caption “DEFINITIONS OF CERTAIN TERMS” in this Appendix A, or if not defined thereunder, then as set forth in the Indenture.

Funds and Accounts

Under the Indenture, the Trustee agrees to establish and maintain, in trust, the Costs of Issuance Fund and therein a Series A Costs of Issuance Account, a Series B Costs of Issuance Account, a Series C Costs of Issuance Account and a Series D Costs of Issuance Account, the Proceeds Fund and therein the Proceeds Subaccount attributable to each Note of each District, the Bond Payment Fund and therein the Payment Account attributable to each Note of each District, the Pool Interest Fund and therein the Series A Interest Account, the Series B Interest Account, the Series C Interest Account and the Series D Interest Account, the Pool Principal Fund and therein the Series A Principal Account, the Series B Principal Account, the Series C Principal Account and the Series D Principal Account. If Additional Bonds are issued by the Authority, the Trustee will establish accounts in such funds applicable to each series of Additional Bonds and each series of Additional Notes, if applicable, related thereto.

Costs of Issuance Fund

The moneys in each applicable Costs of Issuance Account shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the corresponding series of Bonds upon receipt of (i) a Request of the Authority, which shall be sequentially numbered, stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account; and (ii) an original invoice or invoices submitted by the Financial Advisor or evidence of the Financial Advisor’s payment of an invoice when such payment is in reimbursement thereof. On the earlier of December 1, 2022, or on such earlier date upon Request of the Authority, amounts, if any, remaining in each Costs of Issuance Account related to each series of Bonds (and not required to pay identified Costs of Issuance, including any initial or additional fees or expenses of the Trustee) shall be transferred to the Bond Payment Fund and credited to the Payment Accounts therein attributable to the applicable Notes in proportion to the amounts initially deposited in such Costs of Issuance Account attributable to each District as set forth in a certificate of the Financial Advisor submitted to the Trustee.

Proceeds Fund and Proceeds Subaccounts

All money in the Proceeds Fund shall be held by the Trustee in trust. Net proceeds of the Bonds deposited in the Proceeds Fund shall be credited to the applicable Proceeds Subaccounts, one of which shall be established for each Note and, if applicable, each series of Additional Notes of each of the Districts, initially in amounts set forth in the schedule attached either to the Original Indenture or applicable Supplemental Indenture. Moneys in the Proceeds Subaccount related to the Note of each District shall be disbursed to that District from time to time up to, but excluding (i) the first day (or, with respect to a series of Additional Notes, such other day as set forth in the Supplemental Indenture applicable to the corresponding series of Additional Bonds) of the last Repayment Period applicable to such Note or Additional Note (as set forth on the face of such Note or Additional Note), or (ii) if only one Repayment

Period is applicable to such Note or Additional Note, the first day of such Repayment Period (or, with respect to a series of Additional Notes, such other day as set forth in the Supplemental Indenture applicable to the corresponding series of Additional Bonds), as soon as practical, pursuant to a Requisition of the District submitted in advance of the requested disbursement date, as required to comply with the disbursement provisions, if any, of Permitted Investments in which such District has invested, as applicable, for any purpose for which the District is authorized to use and expend moneys. Notwithstanding the foregoing, the Trustee shall not disburse any moneys from a Proceeds Subaccount if the Trustee has received written notice or actual knowledge that an Event of Default has occurred and is continuing as defined in the Resolution of such District, or if the Trustee has received written notification from the Financial Advisor that such District's financial certification for purposes of California Education Code Section 42133 has been downgraded from the financial certification held by the District on the date the Bonds or Additional Bonds, as applicable, were issued, except that, if such District provides a certification from the county superintendent or State Superintendent of Public Instruction, as applicable, that repayment of such District's Note and any Additional Notes is probable, and if applicable, the consent of any credit enhancers for the Additional Bonds, if any, is given, moneys may be disbursed if the downgrade is to a qualified certification.

Payments made by each District with respect to the Note and Additional Notes, if any, of that District prior to the first day of the first Repayment Period for such District's Note or Additional Notes, as applicable, shall be credited to that District's Proceeds Subaccount applicable to the Note or Additional Notes, as applicable, and, except as otherwise specifically provided in the Indenture, shall be available for further disbursement to that District from time to time; provided, however, with respect to a District that has issued Additional Notes, that payments made with respect to the Note or any Additional Notes prior to the first day of the first Repayment Period of such Note or Additional Notes, shall, to the extent of any deficiency with respect to payments due on its Note or any Additional Notes of such District in any Repayment Period applicable to its Note or such Additional Notes, be applied to such deficiency and deposited in the deficient Payment Account in accordance with the priority provisions set forth in such District's Resolution, and such amount shall not be available for further disbursement to such District. A District shall not be allowed to deposit in its Proceeds Subaccount applicable to its Note or Additional Notes, if any, an amount that exceeds the amount, if any, of its then unreplenished withdrawals from each such Proceeds Subaccount.

There shall be transferred to each District's Payment Account applicable to its Note in the Bond Payment Fund from the Proceeds Subaccount of each such District applicable to its Note (taking into consideration anticipated investment earnings thereon): (a) on the first day of each such District's Repayment Period designated for such Note (up to, but excluding the last Repayment Period for such Note) amounts which are equal to the percentages of the principal and interest due on such District's Note at maturity for the corresponding Repayment Period as described under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Note Repayment Period"; and (b) on the first day of such District's last Repayment Period designated for such Note (or, if only one Repayment Period is applicable, on the first day of such Repayment Period) an amount equal to the lesser of (i) the principal of and interest on that District's Note less that District's portion of amounts transferred to its Payment Account from excess amounts in the applicable Costs of Issuance Account and less (without duplication) any amounts then on deposit in such District's Payment Account for payment of its Note; and (ii) the total amount, if any, remaining in such District's Proceeds Subaccount applicable to its Note. If on the first day of such District's first (or single) Repayment Period designated for such Note, the amount in such District's Proceeds Subaccount applicable to the Note is less than the aggregate amount required to be transferred to the Payment Account applicable to the Note of such District on such day, the Trustee shall transfer the entire amount in such District's Proceeds Subaccount applicable to its Note to the corresponding Payment Account in the Bond Payment Fund on such day. Any amounts remaining in a Proceeds Subaccount applicable to its Note after the amounts required to be transferred under the Indenture to the Bond Payment

Fund have been transferred shall be returned to the District after the last day of the last Repayment Period applicable to its Note.

Bond Payment Fund and Payment Accounts

All principal and interest payments on the Notes and Additional Notes, if any, shall be paid directly by the Districts to the Trustee. All principal and interest payments on the Notes and Additional Notes, if any, received by the Trustee shall be held in trust by the Trustee under the terms of the Indenture and shall be deposited by it, as and when received, in the applicable Payment Account attributed to the corresponding Notes or Additional Notes, if any, within the Bond Payment Fund (except as otherwise described below), which fund the Trustee has agreed to maintain so long as any Bonds or Additional Bonds are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit and security of, with respect to the Payment Accounts applicable to the Notes, the Owners of the corresponding series of Bonds, and, with respect to the Payment Accounts applicable to Additional Notes, the registered owners of the corresponding series of Additional Bonds and any credit enhancer related to such Additional Bonds, to the extent set forth in the Indenture.

Pursuant to each District's Resolution, each District is required to deposit amounts with the Trustee in the periods identified as such District's Repayment Period (as defined in such District's Resolution and indicated on the face of such District's Note and each series of Additional Notes, if any) until the amount on deposit in such District's Payment Account attributed to its Note and each corresponding series of Additional Notes, if any, taking into consideration anticipated investment earnings thereon to be received by the maturity date for such Note or corresponding Additional Notes, is equal to the percentages of the principal and interest due on such District's Note or Additional Notes, as applicable, required in such Repayment Period as indicated on the face of such District's Note or each series of Additional Notes, if any. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Deposit and Pledge of Notes" and "—Note Repayment Period" herein. If any District fails to make the required deposits, the Trustee shall as soon as practical (but in any event within three Business Days) notify such District, and each credit enhancer related to the Additional Bonds, if any, of such failure. If the amount on deposit in a District's Payment Account attributable to its Note is in excess of the amounts required to pay the principal of and interest due on such District's Note on the maturity date for such Note, such excess amounts shall remain in such Payment Account and shall be transferred to such District following (1) payment of the corresponding series of Bonds, and (2) to the extent such excess amounts do not constitute proceeds of such Note, payment of any Additional Notes of such District in accordance with the priority provisions set forth in such District's Resolution.

Notwithstanding any other provision of the Indenture, with regard to a District that has issued Additional Notes, to the extent, on any interest payment date or principal payment date applicable thereto, there is a deficiency with respect to its Note or any Additional Notes of such District, and to the extent any payment on its Note or any Additional Notes is being made from moneys other than proceeds of such Note or Additional Notes, the Trustee shall apportion all such payments received from such District relating to its Note and all of its Additional Notes in accordance with the priority provisions set forth in such District's Resolution. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Notes" and "—Deposit and Pledge of Notes."

Pool Interest Fund and Pool Principal Fund

The Trustee shall, after making any apportionments required by the Indenture among Payment Accounts of a District applicable to its Note and Additional Notes, transfer the money contained in the applicable Payment Accounts in the Bond Payment Fund attributable to the Notes at the following respective times to the following respective funds and accounts in the manner described below, each of

which funds and accounts the Trustee has agreed to maintain for so long as any of the applicable series of Bonds are Outstanding, and the money in each of such funds and accounts shall be disbursed only for the purposes and uses authorized:

(a) *Interest Accounts in the Pool Interest Fund.* The Trustee, on each Interest Payment Date, shall transfer from the applicable Payment Accounts to the applicable Interest Account in the Pool Interest Fund that amount of money representing the interest becoming due and payable on the corresponding series of Bonds on such Interest Payment Date. All moneys in such Interest Account in the Pool Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the corresponding series of Bonds on the applicable Interest Payment Date.

(b) *Principal Accounts in the Pool Principal Fund.* The Trustee, at maturity, shall, after having made the transfers required to be made pursuant to (a) above, transfer from the applicable Payment Accounts to the applicable Principal Account in the Pool Principal Fund that amount of money representing the principal becoming due and payable on the corresponding series of Bonds at maturity. All moneys in such Principal Account in the Pool Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the corresponding series of Bonds at maturity.

Defaults and Remedies

Action on Default. If any default in the payment of principal of or interest on a Note or Additional Note, or any other “Event of Default” defined in a Resolution shall occur and be continuing, then such default shall constitute an “Event of Default” under the Indenture, and in each and every such case during the continuance of such Event of Default the Trustee or, subject to the provisions under “—Credit Enhancer’s Control of Remedies” below, the Owners and registered owners of not less than a majority in aggregate principal amount of the corresponding Bonds and series of Additional Bonds, as applicable, at the time Outstanding shall be entitled, upon notice in writing to such District, to exercise the remedies provided to the owner of the Note or Additional Note, as applicable, then in default or under the Resolution pursuant to which it was issued.

Other Remedies of the Trustee. The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against any District or any trustee, member, officer or employee thereof, and to compel such District or any such trustee, member, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained in the Indenture, or in the applicable Note or Additional Notes, if any, and corresponding Resolution, required to be observed or performed by it or him;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, the Owners, the registered owners of Additional Bonds, if any, or each credit enhancer with respect to any Additional Bonds, if any; or

(c) by suit in equity upon the happening of any default under the Indenture to require any District and any trustee, member, officer and employee thereof to account as the trustee of any express trust.

Nonwaiver. A waiver by the Trustee of any default under the Indenture or breach of any obligation under the Indenture shall not affect any subsequent default under the Indenture or any subsequent breach of an obligation under the Indenture or impair any rights or remedies on any such subsequent default

thereunder or on any such subsequent breach of an obligation thereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default under the Indenture shall impair any such right or remedy or shall be construed to be a waiver of any such default thereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, any credit enhancer for any series of Additional Bonds, the Authority or the Districts, then such parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions set forth under the caption “SUMMARY OF INDENTURE—Defaults and Remedies” shall be apportioned by the Trustee, after payment of the Trustee’s compensation and other fees of the Trustee, in accordance with the priority provisions set forth in the applicable District’s Resolution. Each such apportioned payment shall be deposited into the segregated Payment Accounts attributable to the corresponding series of Notes and Additional Notes, as applicable, of the defaulting District in the Bond Payment Fund and shall be applied by the Trustee in the following order upon presentation of the several affected series of Bonds and other series of Additional Bonds, as applicable, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

FIRST, to the payment of the costs and expenses of the Trustee and of the Owners and registered owners of Additional Bonds, if any, in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

SECOND, to the payment to the persons entitled thereto of all payments of interest on the applicable series of Bonds or Additional Bonds then due in the order of the due date of such payments and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

THIRD, to the payment to the persons entitled thereto of the unpaid principal of the applicable series of Bonds or Additional Bonds which shall have become due, in the order of their due dates, with interest on the overdue principal and interest on the applicable series of Bonds or Additional Bonds at a rate equal to the applicable Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the applicable series of Bonds or Additional Bonds on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference,

provided, that the Trustee shall follow the instructions contained in an Opinion of Counsel provided by the Authority and rebate or set aside for rebate from the specified funds held under the Indenture any amount pursuant to such instructions required to be paid to the United States of America under the Code.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved therein to the Trustee is intended to be exclusive, and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given thereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

Credit Enhancer's Control of Remedies. Notwithstanding anything to the contrary in the Indenture, any credit enhancer with respect to Additional Bonds, if any, so long as it has not failed to comply with its payment obligations under its credit enhancement for the applicable Additional Bonds, shall have the right to direct the remedies upon any Event of Default under the Indenture relating to the corresponding series of Additional Notes or Additional Bonds but only so long as such action will not materially adversely affect the rights of any Owner or registered owner of Additional Bonds, and each such credit enhancer's prior consent shall be required to any remedial action proposed to be taken by the Trustee thereunder.

Exercise of Remedies

Upon the exercise by the requisite number of Owners and registered owners of Additional Bonds, the Trustee or any credit enhancer for Additional Bonds, if any, of its right of action to institute suit directly against a District to enforce payment of a Note or Additional Note, if any, any moneys recovered by such action shall be deposited with the Trustee and applied as provided above under “—Application of Funds.”

Limited Liability of the Authority

Except as expressly provided in the Indenture, the Authority shall not have any obligation or liability to the Trustee or the Owners with respect to the payment when due of the Notes by the Districts, or with respect to the observance or performance by the Districts of the other agreements, conditions, covenants and terms contained in the Notes and the Resolutions (including but not limited to any rebate liability on the Notes), or with respect to the performance by the Trustee of any obligation contained in the Indenture required to be performed by it. Notwithstanding anything to the contrary contained in the Bonds, the Indenture or any other document related thereto, the Authority shall not have any liability under the Indenture or by reason of the Indenture or in connection with any of the transactions contemplated by the Indenture except to the extent payable from moneys received from or with respect to the Notes and available thereof in accordance with the Indenture.

Limited Liability of the Districts

Except as expressly provided in the respective Notes and the Resolutions, the Districts shall not have any obligation or liability to the Authority, the Trustee, or the Owners with respect to the Indenture or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the principal of and interest on the Notes by the Trustee, or with respect to the performance by the Trustee of any obligation contained in the Indenture required to be performed by it.

Notwithstanding anything to the contrary in the Indenture or in any Note or document referred to therein, no District shall incur any obligation thereunder except to the extent payable from unencumbered revenues attributable to its Fiscal Year 2022-2023, nor shall any District incur any obligation on account of any default, action or omission of any other District.

Limited Liability of the Trustee

Except as expressly provided in the Indenture, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Notes by the Districts, or with respect to the observance or performance by the Districts of the other agreements, conditions, covenants and terms contained in the Notes and the Resolutions.

Amendment or Supplement of Indenture

The Indenture and the rights and obligations of the Owners and the Trustee under the Indenture may be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding when the written consents of any credit enhancer with respect to Additional Bonds, if any, and of the Owners and the registered owners of Additional Bonds, if any, of a majority in aggregate principal amount of the Bonds and Additional Bonds then outstanding are filed with the Trustee. No such amendment or supplement shall: (i) reduce the rate of interest on any Bond or extend the time of payment thereof or reduce the amount of principal of any Bond or extend the Maturity Date thereof or modify the payment priority for any Bond without the prior written consent of the Owner of the Bond so affected; (ii) reduce the percentage of Owners and registered owners of Additional Bonds whose consent is required by the terms of the Indenture for the execution of certain amendments thereof or supplements thereto; or (iii) modify any of the rights or obligations of the Trustee without the Trustee's prior written consent thereto.

The Indenture and the rights and obligations of the Owners, the registered owners of Additional Bonds, if any, and the Trustee thereunder may also be amended or supplemented at any time by an amendment thereof or supplement thereto, which shall become binding upon execution with the prior written consent of any credit enhancer with respect to Additional Bonds, if any, but without the written consents of any Owners or registered owners of Additional Bonds, if any, in order to make any modifications or changes to certain exhibits to the Indenture or to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest on any or all of the Bonds and Additional Bonds for federal income tax purposes or, but only to the extent that such amendment shall not materially adversely affect the interests of the Owners and the registered owners of Additional Bonds, if any, for any purpose including, without limitation, one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained in the Indenture required to be observed or performed by the Authority, other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority, or to surrender any right reserved in the Indenture to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Indenture or in regard to questions arising thereunder which the Authority may deem desirable or necessary; or

(c) to modify, amend or supplement the Indenture or any supplement thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds or Additional Bonds, if any, for sale under the securities laws of the United States of America or of any of the states of the United States of America and, if the Authority or Bond Counsel so determine, to add to the Indenture or any supplement thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute.

The Indenture and the rights and obligations of the Owners, the registered owners of the Additional Bonds, if any, and the Trustee under the Indenture may also be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding upon execution without the prior written consent of any credit enhancer with respect to Additional Bonds, if any, or any Owners, for the purpose of issuing and securing one or more series of Additional Bonds.

Defeasance

If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds of a series the interest and principal thereof at the times and in the manner provided in such series of Bonds and the Indenture, then such Owners shall cease to be entitled to the pledge of and lien on the Notes and Note payments applicable thereto and any interest in the funds held under the Indenture as provided therein, and all agreements and covenants of the Authority to such Owners under the Indenture shall thereupon cease, terminate and become void and shall be discharged and satisfied.

Any Outstanding Bonds shall on their Maturity Date be deemed to have been paid within the meaning of and with the effect expressed in the preceding paragraph if there shall be on deposit with the Trustee moneys which are sufficient to pay the interest on and principal of such Bonds payable on and prior to their Maturity Date.

Any Outstanding Bonds shall prior to their Maturity Date be deemed to have been paid within the meaning of and with the effect expressed in the second preceding paragraph if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are purchased with moneys and are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an independent certified public accountant delivered to the Trustee, to pay when due the interest on such Bonds and the principal of such Bonds on the applicable Maturity Date.

After the payment of the interest on and principal of all Outstanding Bonds as provided in this section, at the Request of the Authority (if provided), the Trustee shall execute and deliver to the Authority and the Districts all such instruments as they may deem necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Districts all money or deposits or investments held by it pursuant to the Indenture (except for moneys held in the Rebate Fund) which are not required for the payment of the interest on and principal of such Bonds.

Notwithstanding anything to the contrary in the Indenture, the Indenture shall not be discharged until all Additional Bonds, if any, have been paid or deemed to have been paid in the same manner as the Bonds as described above.

Investments

Any money held by the Trustee in each Payment Account and each Proceeds Subaccount attributable to the Bonds shall be invested by the Trustee, to the fullest extent practicable, upon the Request of any District, with respect to the corresponding Proceeds Subaccount or Payment Account, in Permitted Investments which will mature on or before the dates on which such money is anticipated to be needed for disbursement under the Indenture. The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may at its sole discretion, for the purpose of any such deposit or investment, except as otherwise set forth in the Indenture, commingle any of the money held by it under the Indenture. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with the Indenture. To the extent the Trustee has not received any instruction with respect to the investment of funds in a Payment Account or a Proceeds Subaccount, such amounts shall be invested by the Trustee in a money market fund offered by the Trustee or any of its affiliates meeting the requirements set forth in clause (d) of the definition

of Permitted Investments in the Indenture. The amounts held in the several Payment Accounts and Proceeds Subaccounts will be accounted for separately for the respective Districts. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund or account from which such investment was made.

Moneys held by the Trustee in the Costs of Issuance Fund, Pool Principal Fund and the Pool Interest Fund shall be invested in Permitted Investments as directed by the Authority.

Removal and Resignation of Trustee

The Authority, with the consent of any credit enhancer for Additional Bonds, if any, may at any time remove the Trustee by giving written notice of such removal by mail to the Trustee, all of the Districts, all Owners and registered owners of Additional Bonds, if any, and any credit enhancer for Additional Bonds, if any, and the Trustee may at any time resign by giving written notice by mail of such resignation to the Districts, all Owners and registered owners of Additional Bonds, if any, and any credit enhancer for Additional Bonds, if any. Any credit enhancer for Additional Bonds, if any, may at any time remove the Trustee if such credit enhancer is not in default on its payment obligations under the credit enhancement provided by such credit enhancer. Such credit enhancer shall give written notice by mail of such removal to the Trustee, and all of the Districts, any other credit enhancers, as applicable, and all Owners and registered owners of Additional Bonds, if any. If such removal is at the request of a credit enhancer and the Trustee has not been removed due to its willful misconduct or negligence under the Indenture, the credit enhancer shall reimburse the Authority and the Districts for any additional costs resulting from such removal. Upon giving any such notice of removal or upon receiving any such notice of removal or resignation, the Authority shall promptly appoint a successor Trustee acceptable to each credit enhancer, if any, by an instrument in writing; provided that if the Authority does not appoint a successor Trustee within 60 days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a commercial bank with trust powers or trust company, doing business and having a principal corporate trust office either in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and subject to supervision or examination by state or national authorities.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only when the successor Trustee has provided written acceptance of its appointment to the Authority, and each credit enhancement, if any, are transferred in accordance with their respective terms.

APPENDIX B

GENERAL DISTRICT FINANCIAL INFORMATION

Sources of Funds—School Districts

General. Prior to Fiscal Year 2013-2014, school districts in the State received most of their income under a formula known as the “State Revenue Limit.” This apportionment, the majority of which was funded by State apportionments of basic and equalization aid with the remainder funded by local property taxes, was allocated to the school districts based on a revenue limit per unit of the average daily attendance (“ADA”) of the school districts. ADA is determined by school districts twice a year, in December (“First Period ADA”) and April (“Second Period ADA”). Generally, the State apportionment amounted to the difference between a district’s revenue limit and its actual local property tax receipts (after any redevelopment agency tax increment or other deductions or “shifts” that may be in effect under State law).

Each district received a portion of the local property taxes collected within the district boundaries. This amount was compared to the total revenue limit for the district; the balance was received in the form of State aid. Therefore, the sum of the property taxes and State aid was equal to the district’s revenue limit. Districts which received the minimum amount of State aid have been known as “basic aid” districts. All other districts have been known as “revenue limit” districts. As a result of the implementation of the 2013-2014 State budget, school districts are now being funded based on uniform funding grants assigned to certain grade spans (see “—Local Control Funding Formula” herein for a description thereof).

Local Control Funding Formula. State Assembly Bill 97 (Chapter 47, Statutes of 2013) (“A.B. 97”), enacted as part of the 2013-2014 State Budget, established a new system for funding school districts, charter schools and county offices of education. This new system replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. The new system also affects whether a district qualifies as a community funded district (previously referred to as a basic aid district) or a Local Control Funding Formula (“LCFF”) district (previously referred to as a revenue limit district). Certain provisions of A.B. 97 were amended and clarified by Senate Bill 91 (Chapter 49, Statutes of 2013) (“S.B. 91”).

The primary component of A.B. 97, as amended by S.B. 91, is the implementation of the LCFF. Since Fiscal Year 2013-2014, the bulk of funding for school districts is provided on the basis of target base funding grants per unit of ADA (each, a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst’s Office, the State general fund cost of fully implementing the LCFF in Fiscal Year 2013-2014 would have been approximately \$18 billion more than what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was expected to have been implemented over a span of eight fiscal years, during which time school districts will receive annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district was expected to see the same proportion of their funding gap closed, with dollar amounts varying depending on the size of district’s funding gap. The State cost to fund the LCFF in each fiscal year will fluctuate depending on a number of factors, including the provision of cost of living adjustments (“COLAs”), fluctuations in ADA and student demographics, and growth in property tax revenues.

The LCFF was fully implemented in Fiscal Year 2018-2019 for school districts and charter schools.

The LCFF includes the following components:

- A Base Grant for each local education agency (“LEA”). The Base Grants are based on four uniform, grade-span base rates. For Fiscal Year 2021-2022, the LCFF provided to school districts and charter schools a Target Base Grant, per unit of ADA, for each grade span as follows: (i) \$8,935 for grades K-3; (ii) \$8,215 for grades 4-6; (iii) \$8,458 for grades 7-8; and (iv) \$10,057 for grades 9-12. The Base Grants for grades K-3 and 9-12 include adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools. School districts 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. Supplemental funds derived from the adjustment to the Base Grant for grades 9-12 must be spent to advance college and career readiness goals outlined in the respective district’s LCAP (as defined herein). The Fiscal Year 2020-2021 State budget provided for LCFF apportionment deferrals for Fiscal Year 2019-2020 and Fiscal Year 2020-2021. The deferrals increased to \$11 billion in Fiscal Year 2020-2021, which results in LCFF funding remaining at 2019-2020 levels in both years. The Fiscal Year 2020-2021 State budget also suspended the statutory LCFF COLA in Fiscal Year 2020-2021. However, see “—State Funding of Education—2021-22 State Budget” below. The 2021-22 State Budget includes a compounded LCFF COLA of 4.05 %, representing a Fiscal Year 2020-2021 COLA of 2.31 % and a Fiscal Year 2021-2022 COLA of 1.7 %. Additionally, to help LEAs address ongoing fiscal pressures, the 2021-22 State Budget includes \$520 million Proposition 98 General Fund to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in growth in the LCFF of 5.07% over Fiscal Year 2020-2021 levels. See also, “—State Funding of Education—Proposed 2022-23 Proposed State Budget” and “—State Funding of Education—May Revision” below.
- A 20% supplemental grant (“Supplemental Grant”) for the unduplicated number of English language learners, students from low-income families and foster youth, to reflect the increased costs associated with educating those students.
- A concentration grant add-on (“Concentration Grant”) equal to 50% of a LEA’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment. However, the 2021-22 State Budget includes an ongoing increase to the LCFF concentration grant of \$1.1 billion Proposition 98 General Fund, increasing the concentration grant from 50 to 65 percent of the LCFF base grant. See “—State Funding of Education—2021-22 State Budget” below.
- For certain school districts that would have received greater funding levels under the prior revenue limit system, LCFF provides for a permanent economic recovery target (“ERT”) that is intended to ensure that almost every LEA receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF. At full implementation, LEA’s receive the greater if the Base Grant or the ERT.

The sum of a school district’s adjusted Base Grant, Supplemental Grant and Concentration Grant is multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable 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 amounts 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 schools districts, known as "basic aid" districts (which are now referred to as "community funded districts"), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for 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.

Accountability. As part of the implementation of the LCFF, the State Board of Education ("SBE") promulgated regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts increase or improve services for English language learners, students from low-income families a foster youth in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such English language learners, students from low-income families a foster youth, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by 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 are required to be adopted every three years and updated annually thereafter. The SBE has developed and adopted a template for LCAPs for use by school districts.

Support and Intervention. A.B. 97, as amended by S.B. 91, establishes a 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 SBE 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 priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the SBE, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (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.

However, in connection with the COVID-19 pandemic, certain annual LCAP requirements were revised and the requirement for the LCAP was removed and replaced with the Learning Continuity and Attendance Plan (the “Learning Continuity and Attendance Plan”) for Fiscal Year 2020-2021. The Learning Continuity and Attendance Plan seeks to address funding stability for schools while providing information at the LEA level describing how student learning continuity will be addressed during the COVID-19 pandemic during the Fiscal Year 2020-2021 school year.

In addition to State allocations determined pursuant to the LCFF, the school districts receive other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in Fiscal Year 2013-2014, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for 14 programs was excluded from the LCFF—including, among others, child nutrition, after school education and safety, special education, and State preschool—and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources. A small part of a school district’s budget is from local sources other than property taxes, such as developer fees, parcel taxes, interest income, donations and sales of property. The rest of a school district’s budget comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose (“Categorical Funds”). See, however, the discussion above under “—Support and Intervention” about the elimination of a majority of State mandated programs which have been folded into the LCFF.

Those few school districts that still have unused school buildings or sites can lease or sell them for miscellaneous income. Since January 1987, school districts have been able to levy a fee on new residential or commercial development within their boundaries to finance the construction or renovation of school facilities.

A significant number of school districts have secured the required two-thirds approval from local voters to levy special taxes on parcels or residences. A significant number of other districts have won voter approval, with either a two-thirds vote or a 55% majority, to sell general obligation bonds or to establish special taxing districts for the construction of schools. Use of such taxes is restricted by law.

The final revenue source is the State Lottery. Approved by voters in late 1984, the lottery generates less than 2% of total school revenues. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not Categorical Funds as they are not for particular programs or children. Such funds may be spent for instructional but not capital purposes, with 50% of the increase in State Lottery revenues over 1997-98 levels restricted to use on instructional materials.

No other source of general purpose revenue is currently permitted for schools. Proposition 13 eliminated the possibility of raising additional property taxes for general school support, and State courts have declared that fees may not be charged for school-related activities (other than for busing services).

District Budget Process

The fiscal year for all California school districts begins on the first day of July of each year and ends on the thirtieth day of June of the following year.

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent of schools (the "County Superintendent") with respect to school districts.

The County Superintendent will (a) 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, (b) determine if the budget allows the school district to meet its current obligations, (c) determine if the budget is consistent with a financial plan that will enable the school district to meet its multi-year financial commitments, (d) determine whether the school district's budget includes the expenditures necessary to implement a local control and accountability plan or annual update to the local control and accountability plan approved by the County Superintendent, and (e) determine whether the school district's 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 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 has been disapproved.

For a district whose budget has been disapproved, such district must revise and readopt its budget by October 8, reflecting changes in projected income and expenses since July 1, including responding to the County Superintendent's recommendations for school districts. The County Superintendent must determine if the budget conforms with the standards and criteria applicable to final 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. Until a district's budget is approved, the 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.

At a minimum, each school district files with its County Superintendent and the State Department of Education a First Interim Financial Report by December 15 covering financial operations from July 1 through October 31, and a Second Interim Financial Report by March 17 covering financial operations from November 1 through January 31. Section 42131 of the Education Code requires that each interim report be

certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report covering financial operations from February 1 through April 30 by June 1. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year-to-date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year on June 30, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

Ojai Unified School District (the Series D District), received a qualified certification for its Second Interim Report for Fiscal Year 2021-22, but received a positive certification for its First Interim Report for Fiscal Year 2021-22. All of the remaining Districts received a positive certification for the First and Second Interim Reports for Fiscal Year 2021-2022.

Accounting Practices

The accounting policies of California school districts conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Funding of Education

General. The California Constitution, Article XVI, Section 8, requires that the moneys to be applied by the State for support of the public school system and public institutions of higher education shall first be set apart from all State revenues. As discussed above, school districts in the State receive a significant portion of their funding from State appropriations.

The availability of State funds for public education is a function of Constitutional provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenues available to the State general fund) and the annual State budget process.

Annual State apportionments of State aid to school districts are determined as described above under "—Sources of Funds—School Districts."

On November 8, 1988, California voters approved an initiative constitutional amendment and statute known as Proposition 98. This initiative made changes in the way the State funds public schools below the university level and treats excess revenues. On June 5, 1990, the California voters approved an initiative constitutional amendment known as Proposition 111, which modified the California Constitution to alter the spending limit and educational funding provisions of Proposition 98. See "—Constitutional and Statutory Provisions Affecting School District Revenues and Appropriations" for a more detailed discussion on Propositions 98 and 111.

The total amount required to be appropriated by the State for K-14 education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is derived from local property taxes. The total guarantee amount varies from year to year throughout the stages of any given fiscal year's budget, from the initial Governor's budget proposal to actual expenditures, as the various factors change.

State Budget Process. The State budget approval process begins with the release of the Governor's proposed budget for the next fiscal year by January 10 to the State Legislature. State fiscal years begin July 1. In May, the Governor submits a "May Revision" of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and the other steps in the legislative process, the budget must be approved by a majority vote in each house of the State Legislature and submitted to the Governor. The State budget becomes law upon the signature of the Governor, who may reduce or eliminate any appropriation through the line-item veto. Although the budget is required by the Constitution to be approved no later than June 15, the budget is frequently not approved until later in the year (although in recent years, the budget has been approved on time).

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the kindergarten through twelfth grade ("K-12") education portion of the State budget pursuant to Proposition 98 and other provisions, the Governor and State Legislature still have significant leeway in deciding whether and by how much to exceed or, in effect, reduce such allocation in the actual funding of K-12 school districts, and in deciding what funds will be general purpose or restricted purpose, in the State budget process.

State Budget for Prior Fiscal Years. Following a severe recession in the early 1990s, the State's financial condition improved markedly starting in 1995-1996, due to a combination of better-than-expected revenues, slowdown in growth of social welfare programs, and continued spending restraint based on actions taken in earlier years. The economy grew strongly between 1994 and 2000, generally outpacing the nation, and as a result, for the five Fiscal Years from 1995-1996 to 1999-2000, the General Fund tax revenues exceeded the estimates made at the time the budgets were enacted. These additional funds were largely directed to school spending as mandated by Proposition 98, to make up shortfalls from reduced federal health and welfare aid in 1995-1996 and 1996-1997, and to fund new program initiatives, including education spending above Proposition 98 minimums, tax reductions, aid to local governments and infrastructure expenditures.

Starting in early 2001, the State faced significant financial challenges, with an economic recession in 2001 and a sluggish recovery in 2002 and 2003 (with greatest impacts in the high technology, internet, and telecommunications sectors, especially in northern California); weakened exports; and most particularly, large stock market declines between 2000 and 2002 (with attendant declines in stock option values and capital gains realizations). These adverse fiscal and economic factors resulted in an erosion of State general fund tax revenues. The three largest State general fund tax sources are personal income, sales and use, and corporate taxes. The bulk of the revenue declines were from personal income taxes, principally from reduced capital gains realizations and stock option income. This revenue drop resulted in a shortfall between State revenues and anticipated spending demands during the Fiscal Years 2001-2002 through 2003-2004 resulting in a total accumulated deficit of approximately \$22 billion.

Two measures intended to address the cumulative budget deficit and to implement structural reform were both approved at the March 10, 2004 statewide primary election. The California Economic Recovery Bond Act (Proposition 57) authorized the issuance of up to \$15 billion of economic recovery bonds to finance the negative State general fund reserve balance as of June 30, 2004 and other State general fund

obligations undertaken prior to June 30, 2004. The first two series of economic recovery bonds, which were issued on May 11, 2004, provided approximately \$8.339 billion of net proceeds to the State's general fund. A third series of economic recovery bonds in the principal amount of \$2.974 billion was issued on June 16, 2004. The Balanced Budget Amendment (Proposition 58) requires the State to adopt and maintain a balanced budget and establish a reserve, and restricts future long-term deficit-related borrowing.

During the second half of 2003 and during 2004, the recovery of the California economy broadened and strengthened (although with continuing weakness in job growth) and further moderate growth continued in 2005 through 2007. However, commencing in 2008, the State experienced a severe economic downturn, similar to the trends throughout the United States, particularly with regard to the subprime mortgage market. Since early 2007, the delinquency rate of subprime and other mortgages (particularly those with adjustable interest rates) rose, and the foreclosure rate increased significantly. Such losses in the mortgage market rippled into other financial markets. The unemployment rate in California rose to over 10% but improved and was 4.3% for February 2020. However, as a result of the COVID-19 pandemic, the unemployment rate rose to over 16.0% in both April and May of 2020. However, the unemployment rate has since improved and was 4.9% as of March 2022. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Considerations Regarding COVID-19". Neither the Districts nor the Authority can predict the ultimate impact of COVID-19 and whether and when the State will experience another economic downturn.

Cash Management Legislation. In the early 2000's, from time to time and due to budgetary difficulties, the State engaged in the practice of deferring certain apportionments to K-12 districts and community college districts from one fiscal year to the next fiscal year in order to assist the State in balancing its budget each year. In addition to the cross-year deferrals, the State has engaged in the practice of deferring apportionments within each fiscal year for K-14 districts. The Districts cannot predict if "cross year" or any "intra-year" deferrals will be made in future fiscal years if the State's financial condition was to significantly deteriorate.

Dissolution of Redevelopment Agencies. The adopted State budget for Fiscal Year 2011-2012 included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and Assembly Bill No. 27 (First Extraordinary Session) ("AB1X 27"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolves all redevelopment agencies in existence and designates "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below. As signed by the Governor, AB1X 27 would have allowed a redevelopment agency to continue to exist, notwithstanding AB1X 26, upon the enactment by the city or county that created the redevelopment agency of an ordinance to comply with AB1X 27's provisions and the satisfaction of certain other conditions.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "Court") challenging the validity of AB1X 26 and AB1X 27 on various grounds (California Redevelopment Association v. Matosantos ("Matosantos"). The Court subsequently stayed the implementation of a portion of AB1X 26 and all of AB1X 27 pending its decision in Matosantos. On December 29, 2011, the Court rendered its decision in Matosantos upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 below take into account the modifications made by the Court in Matosantos.

After Matosantos, AB1X 26 continues to suspend most redevelopment agency activities and continues to prohibit redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts. Redevelopment agencies were dissolved on February 1, 2012, and AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its “enforceable obligations.” For this purpose, AB1X 26 defines “enforceable obligations” to include “bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency” and “any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.” AB1X 26 specifies that only payments included on an “enforceable obligation payment schedule” adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution.

On February 1, 2012, and pursuant to Matosantos, AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency will be transferred to the control of the successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various taxing agencies pursuant to AB1X 26.

AB1X 26 requires each successor agency to continue to make payments on enforceable obligations of the former redevelopment agencies. However, until a successor agency adopts a “recognized obligation payment schedule” the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. The initial enforceable obligation payment schedule will be the enforceable obligation payment schedule adopted by the former redevelopment agency. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved are now instead deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller’s administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;
- To the former redevelopment agency’s successor agency for payments listed on the successor agency’s recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency’s successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

It is possible that there will be additional legislation proposed and/or enacted to “clean up” various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26.

The following information concerning the State’s budget has been obtained from publicly available information which the Authority believes to be reliable; however the Authority does not guarantee the accuracy or completeness of this information and has not independently verified such information. The State has not entered into any contractual commitment with the Authority, the Districts, the Underwriter or the Owners of the Bonds to provide State budget information to the Authority, the Districts, the Underwriter or the Owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the Authority, the Districts or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.

Adopted 2021-22 State Budget. On July 12, 2021, the Governor signed into law the State Budget for fiscal year 2021-22 (the “2021-22 State Budget”). For Fiscal Year 2020-2021, the 2021-22 State Budget projects total general fund revenues and transfers of \$188.8 billion and authorizes expenditures of \$166.1 billion. The State is projected to end the 2020-2021 fiscal year with total available general fund reserves of approximately \$28.25 billion, including approximately \$12.34 billion in the Budget Stabilization Account/Rainy Day Fund and \$450 million in the Safety Net Reserve. The 2021-22 State Budget projects total resources available in Fiscal Year 2021-2022 of approximately \$203.6 billion (including revenues and transfers of approximately \$175.3 billion and a prior year balance of approximately \$28.25 billion) and authorizes expenditures of \$196.44 billion. The State is projected to end Fiscal Year 2021-2022 with total available general fund reserves of \$7.15 billion, including approximately \$3.98 billion in the special fund for economic uncertainties), approximately \$15.78 billion in the Budget Stabilization Account/Rainy Day Fund and \$900 million in the Safety Net Reserve. The 2021-22 State Budget estimates that the Proposition 98 minimum funding guarantee for Fiscal Year 2021-22 is \$96.7 billion, representing a historically high three-year increase in the minimum funding guarantee of \$47 billion over the funding level in the Fiscal Year 2020-2021 budget act.

Universal Transitional Kindergarten and State Preschool. The 2021-22 State Budget includes a series of investments beginning in Fiscal Year 2022-2023 to incrementally establish universal transitional kindergarten, with full implementation by Fiscal Year 2025-2026. Universal transitional kindergarten will be phased-in over five years. Pursuant to the 2021-22 State Budget, the costs of this plan are anticipated to be approximately \$600 million General Fund in Fiscal Year 2022-2023, growing to \$2.7 billion in Fiscal Year 2025-2026. The 2021-22 State Budget includes \$200 million one-time Proposition 98 General Fund for planning and implementation grants for all LEAs and \$100 million one-time Proposition 98 General Fund for LEAs to train and increase the number of early childhood educators. Additionally, pursuant to the 2021-22 State Budget, in order to build on and enhance the quality of the existing transitional kindergarten programs, the 2021-22 State Budget also proposes new ongoing Proposition 98 General Fund beginning in Fiscal Year 2022-2023 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12 and to the extent that additional funding is provided for this purpose, beginning in the Fiscal Year 2023-2024 school year, these ratios could be further reduced to 1:10. The 2021-22 State Budget clarifies that otherwise-eligible children remain eligible for transitional kindergarten, State Preschool, Head-Start, or any other state or federal child care program that a student's parent or guardian decides is best for them.

The 2021-22 State Budget includes, but is not limited to the following budget measures:

(a) *Local Control Funding Formula.* The 2021-22 State Budget includes a compounded LCFF COLA of 4.05%, representing a Fiscal Year 2020-2021 COLA of 2.31% and a Fiscal Year 2021-2022 COLA of 1.7%. Additionally, to help LEAs address ongoing fiscal pressures, the 2021-22 State Budget includes \$520 million Proposition 98 General Fund to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in growth in the LCFF of 5.07% over Fiscal Year 2020-2021 levels.

(d) The 2021-22 State Budget also includes an ongoing increase to the LCFF concentration grant of \$1.1 billion Proposition 98 General Fund, increasing the concentration grant from 50% to 65% of the LCFF base grant. Local educational agencies that are recipients of these funds will be required to demonstrate in their local control and accountability plans how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.

(b) *Local Control Funding Formula Deferrals.* The Fiscal Year 2020-2021 budget act provided for \$1.9 billion in LCFF apportionment deferrals for Fiscal Year 2019-20, increasing to \$11 billion in Fiscal Year 2020-2021. The 2021-22 State Budget eliminates all K-12 deferrals in Fiscal Year 2021-2022.

(c) *Proposition 98 Rainy Day Fund.* The 2021-22 State Budget includes Fiscal Year 2020-2021 and Fiscal Year 2021-2022 payments of \$1.9 billion and \$2.6 billion, respectively, into the Public School System Stabilization Account, for a total account balance of \$4.5 billion at the end of Fiscal Year 2021-2022. Under current law, there is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Public School System Stabilization Account is equal to or greater than 3% of the total K-12 share of the Proposition 98 minimum guarantee funding. The balance of \$4.5 billion in Fiscal Year 2021-2022 triggers school district reserve caps beginning in Fiscal Year 2022-2023.

(d) *Educator Preparation, Retention and Training.* The 2021-22 State Budget includes approximately \$2.9 billion to support educator initiatives, which include, but are not limited to, the following proposals: (1) \$500 million one-time General Fund over five years for the Golden State Teacher grants, which would support a combined total of at least 25,000 grants for teacher credential candidates who commit to teach at a priority school, in a high-need subject matter area, for four years; (2) \$350 million one-time Proposition 98 General Fund over five years to support teacher preparation residencies and other grow-your-own teacher credentialing programs, and (3) \$125 million one-time Proposition 98 General Fund over five years for the Classified School Employee Teacher Credentialing Program, to support more than 5,000 classified school staff in becoming credentialed teachers.

(e) *Universal School Nutrition.* The 2021-22 State Budget provides an additional \$54 million Proposition 98 General Fund to reimburse all meals served to students throughout the Fiscal Year 2021-2022 school year and will allow participating schools to offer free meals to all students, regardless of income eligibility, while providing federal reimbursement at the free rate for all meals served. Beginning in the Fiscal Year 2022-2023 school year, all public schools will be required to provide two free meals per day to any student who requests a meal, regardless of income eligibility. The 2021-22 State Budget provides \$150 million one-time Proposition 98 General Fund for school districts to upgrade kitchen infrastructure and equipment, as well as

provide training to food service employees. Of this amount, \$120 million will provide a minimum of \$25,000 per district for kitchen upgrades and equipment, and \$30 million to provide a minimum of \$2,000 per district for training to promote nutritious foods, food preparation, and healthy food marketing.

(f) *Expanded Learning Time.* The 2021-22 Budget makes an initial \$1.8 billion Proposition 98 General Fund investment as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on LEAs with the highest concentrations of low-income students, English language learners, and youth in foster care. All LEAs will be required to offer expanded learning opportunities to the students generating the funding, with the LEAs receiving the higher funding rate required to offer expanded learning opportunities to all students. These students will have access to no-cost after school and summer programs, which when combined with regular instructional time, will provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Funding for expanded learning opportunities is expected to increase over the course of five years, growing to \$5 billion in Fiscal Year 2025-2026. Over the implementation period, per pupil funding will increase and more LEAs will be expected to expand access to all students.

For additional information regarding the 2021-22 State Budget, see the State Department of Finance website at www.dof.ca.gov and the Legislative Analyst's Office website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2022-23 State Budget. On January 10, 2022, the Governor released this proposed State Budget for fiscal year 2022-23 (the "Proposed 2022-23 State Budget"). For Fiscal Year 2021-2022, the Proposed 2022-23 State Budget projects total resources available of \$233.7 billion (including revenues and transfers of \$196.7 billion and a prior year balance of \$37 billion) and authorizes expenditures of \$210.0 billion. The State is projected to end the 2021-2021 fiscal year with total general fund balance of \$23.7 billion (which includes \$3.2 billion in the reserve for liquidation of encumbrances and \$20.5 billion in the special fund for economic uncertainties). The State is projected to end fiscal year 2021-2022 with \$19.3 billion in the Budget Stabilization Account/Rainy Day Fund and \$900 million in the Safety Net Reserve. The Proposed 2022-23 State Budget projects total resources available in Fiscal Year 2022-2023 of approximately \$219.4 billion (including revenues and transfers of approximately \$195.7 billion and a prior year balance of approximately \$23.7 billion) and authorizes expenditures of \$213.13 billion. The State is projected to end Fiscal Year 2022-2023 with total general fund balance of \$6.24 billion (which includes \$3.2 billion in the reserve for liquidation of encumbrances and \$3.01 billion in the special fund for economic uncertainties). The State is projected to end fiscal year 2022-2023 with \$20.9 billion in the Budget Stabilization Account/Rainy Day Fund and \$900 million in the Safety Net Reserve.

The Proposed 2022-23 State Budget reports that, since the passage of the prior year's budgetary legislation, the State's economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for transfers, such as those to the Budget Stabilization Account, general fund revenues are higher than the projections included in the 2021-22 State Budget by almost \$28.7 billion from 2020-2021 through 2022-2023. The Proposed 2022-23 State Budget attributes this increase to four main factors: (1) a more robust economic recovery, (2) a greater share of wage gains going to high-wage sectors, (3) a stronger-than-forecast stock market, and (4) higher inflation. The Proposed 2022-23 State Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

The upward revisions of State general fund revenues results in significant increases to the Proposition 98 minimum funding guarantee. Proposition 98 funding for K-12 school districts and community colleges for fiscal year 2022-2023 is \$102 billion, an increase of \$8.2 billion from the amount in the 2021-22 State Budget. The Proposed 2022-23 State Budget projects that Test 1 will be in effect in fiscal year 2022-2023, as it has been in the prior two fiscal years. To accommodate expected enrollment increases related to the expansion of transition kindergarten (as described more fully below), the Proposed 2022-23 State Budget would rebench the Test 1 percentage of State revenues allocated to education, from 38.02 percent to approximately 38.4 percent.

As a result of increased revenues, the Proposed 2022-23 Budget would also make certain retroactive adjustments to the minimum funding guarantee in fiscal years 2020-2021 and 2021-2022, setting them at \$95.9 billion and \$99.1 billion, respectively. Together with the funding level for fiscal year 2022-2023, this represents a three-year increase in the guarantee of \$16.1 billion over the level included in the 2021-2022 Budget.

The Proposed 2022-2023 State Budget would set total funding for K-12 education at \$119 billion, including \$70.5 billion from the State general fund and \$48.5 billion from other sources. K-12 per-pupil funding would total \$20,855 from all sources, including \$15,261 from Proposition 98 sources. Other significant features relating to K-12 school district funding include the following:

(a) *Local Control Funding Formula.* The Proposed 2022-23 State Budget funds a cost-of-living-adjustment of 5.33% to LCFF apportionments for K-12 school districts and county offices of education. The Proposed 2022-23 State Budget acknowledges that demographic trends which existed prior to the COVID-19 pandemic have been exacerbated over the past two fiscal years. To allow K-12 school districts to adjust to enrollment-related funding declines and minimize the impacts of single-year drops in enrollment, the Proposed 2022-23 State Budget proposes an amendment to the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA.

(b) *Categorical Programs.* The Proposed 2022-23 State Budget proposes an increase of \$295 million in ongoing Proposition 98 funding to provide a 5.33% cost-of-living-adjustment for categorical programs that remain outside the LCFF, including Special Education, Child Nutrition, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers and the American Indian Early Childhood Education Program.

(c) *Universal Transitional Kindergarten.* The Proposed 2022-23 State Budget proposes \$639.2 million to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in the 2022-2023 fiscal year. These funds will increase the Proposition 98 minimum guarantee through the process of rebenching. Additionally, the Proposed 2022-23 State Budget proposes \$383 million in Proposition 98 funding to add an educator to every transitional kindergarten class, which is expected to reduce student-to-adult ratios to more closely align with the State's preschool program.

(d) *Literacy.* The Proposed 2022-23 State Budget proposes a series of measures to provide access to literacy support systems, including (i) \$500 million in one-time Proposition 98 funding, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists, and (ii) \$200 million in one-time Proposition 98 funding to establish a grant program to enable local educational agencies to create and expand multi-lingual school or classroom libraries.

(e) *Educator Preparation, Training and Recruiting.* The Proposed 2022-23 State Budget proposes \$54.4 million in Proposition 98 funding and other State funds to continue to support a variety of initiatives intended to further expand the State’s educator preparation, training and retention infrastructure.

(f) *Expanded Learning Opportunities Program:* The Proposed 2022-23 State Budget proposes an additional \$3.4 billion in ongoing Proposition 98 funding to continue funding for the Expanded Learning Opportunities Program. The Proposed 2022-23 Budget also includes \$937 million in one-time Proposition 98 funding to support expanded learning opportunities infrastructure, with a focus on integrating arts and music programming into enrichment opportunities for students.

(g) *Special Education.* The Proposed 2022-23 State Budget proposed \$500 million to increase in the State-wide base funding rate for special education funding.

(h) *College and Career Pathways.* The Proposed 2022-23 State Budget proposes \$1.5 billion in one-time Proposition 98 funding, over four years, to support the development of college and career pathways for high schoolers focused on technology (including computer science, green technology and engineering), health care, education (including early education) and climate-related fields. Additionally, the Proposed 2022-23 Budget proposes \$500 million in one-time Proposition 98 funding, also available over four years, to strengthen and expand student access and participation in dual enrollment opportunities that are also coupled with student advising and support services. These funds are intended to complement \$45 million in higher education funding for pathways and partnerships for STEM, education and health care career preparation.

(i) *Transportation.* The Proposed 2022-23 State Budget proposes \$1.5 billion in one-time Proposition 98 funding, available over three years, to support school transportation programs with a focus on greening school bus fleets. These funds would include grants of (i) \$500,000 for local educational agencies with high concentrations of low-income, foster youth and English-learning students, as well as small and rural educational agencies, and (ii) \$500,000 for local educational agencies to acquire electric school buses and associated infrastructure.

(j) *Nutrition.* The Proposed 2022-23 State Budget proposes \$596 million in additional Proposition 98 funding to build on prior budgetary legislation to create universal access to subsidized school meals. Additionally, the Proposed 2022-23 State Budget provides \$450 million in additional, one-time Proposition 98 funding to upgrade school kitchen infrastructure and equipment to incorporate fresh, minimally-processed, California-grown foods in school meals. Finally, the Proposed 2022-23 State Budget provides an additional \$30 million in one-time Proposition 98 funding to support a farm-to-school program which connects local producers and school food buyers, increases food education opportunities at schools, gardens and farms, and engages schools and students with the agricultural community.

(k) *K-12 Facilities.* The Proposed 2022-23 State Budget proposes to allocate the remaining Proposition 51 bonds funds (Kindergarten through Community College Public Education Facilities Bond Act of 2016) in the approximate amount of \$1.4 billion in State general obligation bond funding to support school construction projects. This represents the final installment available to K-12 school districts under Proposition 51. The Proposed 2022-23 Budget also provides \$1.3 billion in one-time State general funds in fiscal year 2022-23, and \$925 million of such funds in 2023-24, to support new construction and modernization projects through the State’s school facility program. Finally, the Proposed 2022-23 Budget includes \$30

million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program.

For additional information regarding the Proposed 2022-23 State Budget, see the State Department of Finance website at www.dof.ca.gov and the Legislative Analyst's Office website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

May Revision to 2022-23 Proposed Budget. On May 13, 2022, the Governor released the May Revision to the 2022-23 Proposed Budget (the "May Revision"). The May Revision estimates that total resources available in Fiscal Year 2021-2022 will total approximately \$264.65 billion (including a prior year balance of approximately \$37.70 billion and revenues and transfers of \$226.96) and total expenditures in Fiscal Year 2021-2022 will total approximately \$249.23 billion. For Fiscal Year 2021-2022, the May Revision anticipates approximately \$4.28 billion in the State's Reserve for Liquidation of Encumbrances, \$11.15 billion in the State's Special Fund for Economic Uncertainties, \$7.29 billion in the Public School System Stabilization Account, \$900.00 million in the State's Safety Net Reserve, and \$20.33 billion in the Budget Stabilization Account/Rainy Day Fund.

The May Revision projects total resources available for Fiscal Year 2022-2023 of approximately \$235.06 billion, inclusive of revenues and transfers of approximately \$219.63 billion and a prior year balance of approximately \$15.43 billion. The May Revision projects total expenditures of approximately \$227.36 billion, inclusive of non-Proposition 98 expenditures of approximately \$145.07 billion and Proposition 98 expenditures of approximately \$82.29 billion. The May Revision proposes to allocate approximately \$4.28 billion of the general fund's projected fund balance to the State's Reserve for Liquidation of Encumbrances and approximately \$3.42 billion of such fund balance to the Special Fund for Economic Uncertainties, \$9.52 billion in the Public School System Stabilization Account, \$900.00 million in the State's Safety Net Reserve, and \$23.28 billion in the Budget Stabilization Account/Rainy Day Fund

The May Revision includes total funding of \$128.3 billion (\$78.4 billion general fund and \$49.9 billion other funds) for all K-12 education programs. Under the projections set forth in the May Revision, per-pupil funding is also at the highest levels ever, totaling \$16,991 per pupil in Proposition 98 general fund and \$22,850 per pupil when accounting for all funding sources.

The May Revision includes, but is not limited to, the following budget adjustments relating to K-12 education:

(a) *K-14 Education.* The May Revision provides that the historic revenues present an opportunity for the state to further support education and opportunity for all K-14 students and workforce. Proposition 98 is estimated to be \$110.2 billion in Fiscal Year 2021-2022 and \$110.3 billion in Fiscal Year 2022-2023. For K-12 school districts, the May Revision further accelerates the implementation of the "California for All Kids Plan," which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds, and empower parents and families with more options and more service.

(b) *LCFF.* The May Revision of the 2022-23 Proposed Budget includes an updated cost-of-living adjustment to 6.56 percent, which is now the largest cost-of-living adjustment in the history of LCFF. The May Revision includes a \$2.1 billion ongoing Proposition 98 General Fund to increase LCFF base funding, as well as an \$101.2 million ongoing Proposition 98 General Fund to augment LCFF funding for county offices of education. Additionally, the May Revision proposes allowing all classroom-based local education agencies to be funded at the greater of their current year average daily attendance or their current year enrollment adjusted for

pre-COVID-19 absence rates. This proposal aims to mitigate reductions in LCFF funding that would have otherwise resulted due to increased absences with the ongoing COVID-19 pandemic.

(c) *Expanded Learning Opportunities Program.* The 2022-23 Proposed Budget included an acceleration of the Expanded Learning Opportunities Program by allocating an additional \$3.4 billion ongoing Proposition 98 General Fund to the Program, increasing the program funding to \$4.4 billion. This program is a multi-year investment plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. The May Revision increases this investment by an additional \$403 million ongoing Proposition 98 General Fund, bringing the program total to \$4.8 billion and full funding implementation four years ahead of schedule.

(d) *Pre-Kindergarten Education.* Providing access to every child with pre-kindergarten education is a key component to improving equity in public education; as such, the May Revision adjusts the costs to expand eligibility for transitional kindergarten, from all children turning five-years-old between September 2 and December 2, to all children turning five-years-old between September 2 and February 2 beginning in the Fiscal Year 2022-2023 school year. Additionally, per the May revision, the budget is being increased from \$614 million to \$639.2 million.

(e) *Educator Support for Science, Technology, Engineering, and Mathematics (STEM) Instruction.* The May Revision includes \$85 million one-time Proposition 98 General Fund to create Pre-K through 12 grade educator resources and professional learning to implement the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations. The May Revision also includes \$300 million one-time Proposition 98 General Fund to augment resources available to local educational agencies for professional learning through the Educator Effectiveness Block Grant, with a priority for STEM educator supports. Lastly, the May Revision includes an additional \$15 million one-time Proposition 98 General Fund over three years, to continue the work of the EWIG (Educator Workforce Investment Grant program) in areas of special education and support for English learners.

(f) *Classified School Employee Assistance Program.* The May Revision includes an increase of \$80 million ongoing Proposition 98 General Fund for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during intersessional months when they are not employed.

(g) *Expanded Opportunities Program Infrastructure.* The May Revision includes an increase of \$63 million one-time Proposition 98 General Fund, for a total of \$1 billion one-time Proposition 98 General fund, to support Expanded Learning Opportunities Program infrastructure, with a focus on integrating arts and music programming into the enrichment options for students.

(h) *Categorical Program Cost-of-Living Adjustments.* The May Revision includes an increase of \$62.1 million Proposition 98 General Fund to selected categorical programs for 2022-23 to reflect a change in the cost-of-living factor from a 5.22 percent at the 2022-23 Proposed Budget to 6.56 percent at the May Revision.

(i) *K-12 Teacher Residency Program Technical Assistance Center.* The May Revision provides an increase of \$20 million one-time Proposition 98 General Fund to Support a K-12 Teacher Residency Program Technical Assistance Center.

(j) *Accelerated Reading Support.* The May Revision provides an increase of \$15 million one-time Proposition 98 General Fund over three years to support 6,000 teachers in completing the coursework necessary to receive a supplementary state certification in reading and literacy.

For additional information regarding the Proposed 2022-23 State Budget and the May Revision, see the State Department of Finance website at www.dof.ca.gov and the Legislative Analyst's Office website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Update on Status of 2022-23 State Budget. On June 14, 2022, the State Legislature approved a spending plan for Fiscal Year 2022-2023. However, as of the date of this Official Statement, the Governor, who may reduce or eliminate any appropriation through the line-item veto, had not yet signed into law the State Budget for Fiscal Year 2022-2023 (the "2022-23 State Budget"). For additional information regarding the 2022-23 State Budget, see the State Department of Finance website at www.dof.ca.gov.
[ADDITIONAL INFORMATION FORTHCOMING PRIOR TO POSTING OF OS]

Future State Budgets. Neither the Authority nor the Districts can predict what actions will be taken in the future by the State Legislature and the Governor with respect to the State's current or future budgets. State budgets will be affected by national and State economic conditions, over which the Districts have no control, and other factors over which the Districts will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Districts, the Districts will be required to make adjustments to their respective budgets. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Districts.

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

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

During the 2003-2004 State budget impasse, the State Controller announced that only “payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made.” The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-2004 State Budget Act was enacted.

The Budget Act and Proposition 98. The effect of Proposition 98 has proven especially difficult to accurately predict when State general fund revenues do not meet expectations. For several years in the early 1990s, as the State’s economy was sliding into a recession, the State’s budget allocations for K-14 districts proved to be more than Proposition 98 would have required. The excess amounts were later treated by the State as advances to K-14 districts against subsequent years’ Proposition 98 minimum funding levels, resulting in aggregate funding reductions of over \$1 billion in those years. In Fiscal Years 2002-2003 and 2003-2004, the worsening State financial position again resulted in retroactive adjustments as well as current-year cuts. The Legislative Analyst reported that legislative actions in mid-Fiscal Year 2002-2003 eliminated \$2.5 billion from budgeted Proposition 98 funding through a combination of deferral of expenditures to Fiscal Year 2003-2004, use of one-time funds, captured program savings, and other cuts. In general, deferral of education expenditures and reductions in the components of revenue limit funding have the effect of reducing the base from which future Proposition 98 minimum funding levels are calculated.

State Retirement Programs

School districts participate in retirement plans with the California State Teachers’ Retirement System (“STRS”). STRS covers all full-time and most part-time employees with teaching certificates. School districts also participate in the State of California Public Employees Retirement System (“PERS”). PERS covers certain classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day.

STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. Prior to Fiscal Year 2014-2015, neither the employee, employer or State contribution rate to STRS varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contribution to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant losses, the unfunded actuarial liability of STRS has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS plan would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce unfunded actuarial liability of the STRS plan, the State recently adopted legislation to increase contribution rates. Prior to July 1, 2014, the Districts were required by State statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed A.B. 1469 (“A.B. 1469”) into law as part of the 2014-15 State budget. A.B. 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS plan before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing employee, employer and State contributions to STRS. Employee contribution rates increased from 8.150% to 10.250% of pay (for members hired before January 1, 2013) and 9.205% of pay (for members hired on or after January 1, 2013), which were phased in over three years (starting July 1, 2014). However, for members hired on or after January 1, 2013, the rate has increased from 9.205% of pay to 10.205% of pay.

Pursuant to A.B. 1469, employer contribution rates were to increase in accordance with the following schedule:

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

Effective Date	School District
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10*
July 1, 2020	16.15**
July 1, 2021	16.92**
July 1, 2022	18.81

* Pursuant to the Fiscal Year 2019-2020 State budget.
 ** Pursuant to the Fiscal Year 2020-2021 State budget.
 Source: A.B. 1469

Based upon the recommendation from its actuary, for Fiscal Year 2021-2022 and each fiscal year thereafter the STRS Teachers’ Retirement Board (the “STRS Board”), is required to increase or decrease the employer 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 employees’ contributions to the STRS plan 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, A.B. 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 plan 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 employers and the State in order to eliminate the 2014 Liability.

On February 1, 2017, the State Teacher’s Retirement 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 revised actuarial assumptions include (i) decreasing the investment rate of return to 7.25% and then to 7.00%, for the June 30, 2016 and June 30, 2017 actuarial valuations, respectively, (ii) decreasing projected wage growth to 3.50% (from 3.75%), and (iii) decreasing the inflation factor to 2.75% (from 3.00%).

On June 27, 2019, the Governor signed SB 90 (“SB 90”) into law as a part of the adopted Fiscal Year 2019-2020 State 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 2019-2020 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 2020-2021. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary.

The State also contributes to STRS. Based upon the recommendation from its actuary, since Fiscal Year 2017-2018 and each fiscal year thereafter, the STRS Board has been 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 was required to contribute to contribute an amount equal to 8.328% of teacher payroll for Fiscal Year 2021-2022 and will be required to contribute an amount equal to 7.828% of teacher payroll for Fiscal Year 2022-2023. 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 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, within the Public Employees' Retirement Laws. Contributions by employers to PERS are based upon an actuarial rate determined annually and contributions by employees vary based on their date of hire. The Districts are currently required to contribute to PERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for Fiscal Year 2018-2019 and originally 20.73% and 22.68% for Fiscal Years 2019-2020 and 2020-2021, respectively. However, the employer contribution rate for Fiscal Year 2019-2020 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in Fiscal Year 2019-2020. Similarly, the 2020-21 Budget allocates funding to buy down employer contribution rates in Fiscal Years 2020-2021 and 2021-2022 to an estimated 20.70% and 22.84%, respectively. However, in April 2021, the PERS Board established the K-14 school district employer contribution rate for Fiscal Year 2021-2022, and although the employer contribution rate has increased to 22.91% for Fiscal Year 2021-2022, it is slightly lower than what was projected as of the PERS June 30, 2020 valuation. Plan participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in Fiscal Years 2015-2016 and 2016-2017, 6.50% in Fiscal Year 2017-2018 and 7.00% in Fiscal Year 2018-2019, and thereafter. However, effective July 1, 2022, the participants will contribute 8% of their respective salaries. This change is driven by a combination of the discount rate reduction (from 7% to 6.8%), other assumption changes and experience prior to June 30, 2021. See "—California Public Employees' Pension Reform Act of 2013" below.

Neither the Authority nor the Districts can make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions.

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; (ii) PERS: 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.

FUNDED STATUS
PERS (Schools Pool Program) and STRS (Defined Benefit Program)
(Dollar Amounts in Billions)¹

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS) ⁴	\$ 110.5	\$ 86.5 ²	\$(24.0)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	332.1	242.4 ³	(89.7)

¹Amounts may not add due to rounding.

²Reflects market value of assets as of June 30, 2021.

³Reflects actuarial value of assets as of June 30, 2021.

⁴On April 18, 2022, the PERS Board (defined below) approved the K-14 school district contribution rate for Fiscal Year 2022-2023 and released certain actuarial information to be incorporated into the June 30, 2021 actuarial valuation.

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

On April 17, 2013, the PERS board of administration (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 amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The PERS Board delayed the implementation of the new policies until Fiscal Year 2015-2016 for the State, schools and all other public agencies. In December 2016, the PERS Board voted to lower the discount rate from 7.5% to 7.375% for Fiscal Year 2017-2018, 7.25% for Fiscal Year 2018-2019 and 7.0% beginning in Fiscal Year 2020-2021. The new discount rate for the State went into effect beginning July 1, 2017 and the new discount rate for school districts became effective July 1, 2018. With regards to Districts that contract with PERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such Districts’ normal costs and unfunded actuarial liabilities.

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 cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be affected over a three-year period, beginning in Fiscal Year 2014-2015. The new demographic assumptions affect the State, 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 November 17, 2021 (the “2021 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iii) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in Fiscal Year 2022-2023. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in

future actuarial valuations. However, as of November 2021, PERS did not believe that the demographic impacts of COVID-19 would have a material impact on the system experience going forward.

On February 14, 2018, the PERS Board approved modifying the PERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the 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, and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with Fiscal Year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the PERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

The Schools Pool Actuarial Valuation as of June 30, 2020 (the "2020 PERS Actuarial Valuation"), reported that from June 30, 2019 to June 30, 2020 the funded ratio of the Schools Pool increased by 0.1% (from 68.5% to 68.6%), which was primarily due to the additional State contribution in July 2019 offset partially by the lower-than-expected investment return in Fiscal Year 2019-2020. In addition, the 2020 PERS Actuarial Valuation reported that (i) the return on assets for fiscal 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, (ii) the overall demographic experience produced a nominal liability experience gain, and (iii) the normal cost declined slightly as the share of the active population of employees hired after the Implementation Date (defined below) continued to increase. On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and employees hired after the Implementation Date beginning in Fiscal Year 2022-2023. In January 2022, an addendum to the 2020 PERS Actuarial Valuation (the "2020 PERS Actuarial Valuation Addendum") was produced to provide additional information on projected future contribution rates that take into account information that was not available when the 2020 PERS Actuarial Valuation was initially released. The 2020 PERS Actuarial Valuation Addendum reports that the contribution rate for Fiscal Year 2022-2023 is projected to be 25.4%, the contribution rate for fiscal year 2023-24 is projected to be 25.2%, the contribution rate for Fiscal Year 2024-2025 is projected to be 24.6%, the contribution rate for Fiscal Year 2025-2026 is projected to be 23.6%, and the contribution rate for Fiscal Year 2026-2027 is projected to be 22.5%. The projected contribution rates in the 2020 PERS Actuarial Valuation Addendum reflect the actual investment performance through June 30, 2021, the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers, as well as the demographic and economic assumptions adopted through the 2021 Experience Study, including an investment return of 6.8% per year beginning with Fiscal Year 2021-2022. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period.

On April 18, 2022, the PERS Board established the employer contribution rates for Fiscal Year 2022-2023 and released certain information relating to its Schools Pool Actuarial Valuation as of June 30, 2021, which has not yet been released. Such information reports that the that the contribution rate for Fiscal Year 2022-2023 is projected to be 25.4%, the contribution rate for fiscal year 2023-24 is projected to be 25.2%, the contribution rate for Fiscal Year 2024-2025 is projected to be 24.6%, the contribution rate for Fiscal Year 2025-2026 is projected to be 23.7%, the contribution rate for Fiscal Year 2026-2027 is projected to be 22.6%. and the contribution rate for Fiscal Year 2026-2027 is projected to be 22.6%. The projected

rates assume an investment return of 6.8% per year beginning with Fiscal Year 2021-2022 and thereafter, and no changes to benefits, assumptions, or methods during the projection period.

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 to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. 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: (a) 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; (b) 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 (currently 12 months for STRS members who retire with 25 years of service); and (c) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. In June 2012, GASB approved Statements Nos. 67 and 68 (the "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 government employers, including the Districts, took effect in the fiscal year beginning July 1, 2014.

Post-Employment Benefits

In addition to the pension benefits described above, many school districts provide post-employment health benefits for eligible employees upon retirement. The amount and length of these benefits vary dramatically among those districts offering such benefits. In addition, the amount and length of such

benefits typically depend on a variety of factors, including age at retirement, length of service, and status as a certificated, classified or management employee.

In June 2015, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“Statement Number 75”). Other postemployment benefits (meaning other than pension benefits) (“OPEB”) generally include postemployment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces GASB Statements Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.

State Emergency Loan Program

General. The California Education Code provides that a governing board of a school district that determines during a fiscal year that its revenues are less than the amount necessary to meet its current year expenditure obligations may request an emergency apportionment from the State through the County Superintendent.

As a condition to the making of any such emergency apportionment, the following requirements must be met:

(a) The district requesting the apportionment must submit to the county superintendent of schools having jurisdiction over the district: (i) a report issued by an independent auditor approved by the County Superintendent on the financial conditions and budgetary controls of the district; (ii) a written management review conducted by a qualified management consultant approved by the County Superintendent; and (iii) a fiscal plan adopted by the governing board to resolve the financial problems of the district.

(b) The County Superintendent must review, and provide written comment on, the independent auditor’s report, the management review and the district plan. If the County Superintendent disapproves the plan, the governing board must revise the district plan to respond to the concerns expressed by the County Superintendent.

(c) Upon his or her approval of the district plan, the County Superintendent must submit copies of the report, review, plan and written comments to the State Superintendent of Public Instruction (the “State Superintendent”), the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Director of Finance and the State Controller.

(d) The County State Superintendent, with the concurrence of the State Superintendent, must certify to the Director of Finance that the action taken to correct the financial problems of the district is realistic and will result in placing the district on a sound financial basis.

(e) The district must develop a schedule to repay the emergency loan, including any lease financing pursuant to the California Education Code and submit it to the County Superintendent. Upon the approval of the repayment schedule and of the other reports, reviews, plans and the appointment of the trustee (as described below), the State Superintendent must request the State Controller to disburse the proceeds of the emergency loan to the district.

(f) The district requesting the apportionment must reimburse the County Superintendent for the costs incurred by the superintendent in performing such duties.

In addition, the acceptance by the district of the apportionments made pursuant to the Education Code constitutes the agreement by the district to the following conditions, among others:

(a) The County Superintendent, the State Superintendent and the Director of Finance shall, by majority vote, appoint a trustee who shall have recognized expertise in management and finance. The County Superintendent, with concurrence from both the State Superintendent and the Director of Finance, shall establish the terms and conditions of the employment, including the remuneration of the trustee. The trustee shall report directly to the County Superintendent. The County Superintendent shall provide regular updates to the State Superintendent and the Director of Finance regarding the work of the trustee. The trustee shall serve until the district has adequate fiscal systems and controls in place and the State Superintendent has determined that the district's future compliance with the fiscal plan approved for the district is probable, and the County Superintendent, the State Superintendent and the Director of Finance decide to terminate the trustee's appointment, but in no event for less than three years. Before the district repays its loan (including interest), the recipient of the loan shall select an auditor from a list established by the State Superintendent and the State Controller to conduct an audit of its fiscal systems. If the fiscal systems are deemed to be inadequate, the County Superintendent, with concurrence from both the State Superintendent and the Director of Finance, may retain the trustee until the deficiencies are corrected.

(b) The trustee appointed pursuant to the California Education Code shall monitor and review the operation of the district. During the period of his or her service, the trustee may stay or rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district. The trustee shall approve or reject all reports and other materials required from the district as a condition of receiving the apportionment.

On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter until the emergency apportionment (including interest) is repaid, the governing board of the district shall prepare, under the review and with the approval of the trustee, a report on the financial condition of the district which shall be transmitted to the County Superintendent, the State Superintendent, the Director of Finance and the State Controller. The report shall include all of the following information: (a) specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions; (b) a copy of the adopted budget for the current fiscal year; (c) reserves for economic uncertainties; (d) status of employee contracts; and (e) obstacles to the implementation of the adopted recovery plan.

The emergency apportionment, together with interest, is required to be repaid to the State in accordance with the Education Code.

The State Legislature expressly provides that these provisions of the Education Code are not intended to authorize emergency loans to school districts for the purpose of meeting cash-flow requirements

pending the receipt of local taxes and other funds. Furthermore, no such emergency apportionment will be made unless funds have been specifically appropriated therefor by the State Legislature.

Butt v. State of California. In December 1992, the California Supreme Court, in *Butt v. State of California*, upheld a lower court's ruling that the State could not refuse to fund education in the Richmond School District ("Richmond") after Richmond decided to terminate classroom instruction six weeks before the scheduled end of the school year due to lack of funds. The Court upheld the lower court's ruling that the State constitution requires the State to ensure a full year's education for children in all school districts. However, because the Court overturned that portion of the original order relating to the source of State funds used to make an emergency loan to Richmond, the decision leaves unclear just where the State must find funds to make any future loans of this kind. No prediction can be made at this time as to what actions ultimately will be taken by the State Legislature and the Governor to provide emergency funds to districts under court orders such as that imposed in *Butt v. State of California*.

Assessed Valuation and Tax Collections

Ad valorem Property Taxation. Prior to Fiscal Year 1981-1982, County Assessors generally assessed all properties at 25% of full cash value (market value). The State Board of Equalization assessed public utility properties at 25% of full cash value. Since Fiscal Year 1981-1982, all property has been assessed at 100% of the "full value" of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed, see "—Constitutional and Statutory Provisions Affecting School District Revenues and Appropriations—Article XIII A of the California Constitution" herein. The Constitution of the State and various statutes provide exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, nonprofit hospitals and charitable institutions. No reimbursement is made by the State for such exemptions.

State law allows exemptions from *ad valorem* property taxation of \$7,000 of full owner-occupied dwellings. However, the State reimburses all local taxing authorities for the loss of revenues imputed to these exemptions.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county 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 property and property secured by a lien on real property that is sufficient, in the opinion of a county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all taxes for property falling within that county's boundaries.

Counties levy a 1% property tax on behalf of all taxing agencies in the counties. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, each county and all other taxing entities in each county receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and a 2% not-to-exceed inflation factor) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts. Local agencies and schools share the growth of "base" revenues from the tax rate areas. Each year's growth allocation becomes part of each agency's allocation in the following year.

The California Community Redevelopment Law authorized redevelopment agencies to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuations of properties

within designated project areas. In effect, local taxing authorities, such as the Districts, in such project areas, realize tax revenues only on the frozen base assessed valuations. See however “—State Funding of Education—Dissolution of Redevelopment Agencies” for a discussion regarding dissolution of redevelopment agencies.

Secured Real Property Taxes. State and county taxes on real property are due and become delinquent each year in all counties of the State as follows:

The first real property tax installment is due November 1 and becomes delinquent after December 10. The second real property tax installment is due February 1 and becomes delinquent after April 10. The entire tax may be paid at the time the first installment is due.

For taxes due and payable on the current fiscal year, a penalty of 10% is added to the first installment if not paid on or before December 10; and 10% to the second installment if not paid on or before April 10 together with collection costs also added for each described parcel.

In redeeming property on the secured rolls for delinquent taxes, penalties are added at the rate of 1-1/2% per month, plus costs and a redemption fee on each separately valued parcel sold to the State. If not redeemed at the end of five years from July 1 of the year first becoming delinquent, the property will be deeded to the State and may thereafter be sold at public auction by the county tax collector.

Unsecured Property Taxes. Taxes on property assessed on the unsecured roll as unsecured property (separate from real estate) are due as of the January 1 lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to the taxes when they become delinquent together with \$75.00 of collection costs. If unpaid at 5:00 p.m. on October 31, a 1-1/2% penalty is added on the first day of each month until paid or until a court judgment is entered together with \$75.00 of collection costs. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (a) bringing a civil action against the taxpayer; (b) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (c) filing a certificate of delinquency for record in the County Clerk and County Recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (d) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The Teeter Plan. Most of the 58 counties in the State operate under provisions of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly referred to as the “Teeter Plan”) as provided for in the California Revenue and Taxation Code Sections 4701-4716. Pursuant to the Teeter Plan, each participating local agency levying property taxes, including K-14 districts, receives their total secured tax levies irrespective of actual collections and delinquencies. Pursuant to said provisions, each county operating under the Teeter Plan receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. Each such county establishes a delinquency reserve and assumes responsibility for all secured delinquencies assuming that certain conditions are met.

Because of this method of tax collection, the K-14 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their total secured tax levies assuming that the conditions established under the applicable county’s Teeter Plan are met. However, such districts are no longer entitled to share in any penalties or interest due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance by the applicable county or if demanded by the participating entities. Tax delinquencies in excess of a certain percentage for a tax levying agency could trigger a discontinuance by certain counties of their Teeter Plans with respect to such agency.

Property Tax Delinquencies. Any substantial increase in the number of loan foreclosures within the boundaries of a District may result in delays or suspensions of the corresponding payment of property taxes for a period of time for those Districts whose boundaries are within a county that does not operate under the Teeter Plan. Even for those Districts within counties operating under the Teeter Plan, a substantial amount of delinquencies in *ad valorem* tax payments could result in a discontinuance in the Teeter Plan with respect to such District, which may delay or suspend the corresponding payment of property taxes for a period of time. However, such taxes continue to be due and owing with respect to foreclosed-upon property by its legal owner and would be satisfied, if required, from the proceeds of a tax sale of such property, administered by the applicable County.

Appeals of Assessed Valuation. Under California 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, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an 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. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

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

No assurance can be given that property tax appeals or unilateral county reductions in the future will not significantly reduce the assessed valuation of property within Districts.

Constitutional and Statutory Provisions Affecting School District Revenues and Appropriations

Article XIII A of the California Constitution. California voters approved Proposition 13, a statewide initiative relating to the taxation of real property that added Article XIII A to the California Constitution, on June 6, 1978. Among other things, Proposition 13: (a) limits *ad valorem* property taxes on all real property to 1% of the full cash value of the property; (b) exempts from the 1% limitation any indebtedness approved by the voters prior to July 1, 1978, or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by those voting on the proposition; (c) defines “full cash value” as the county assessor’s appraised value of real property as of March 1, 1975, adjusted by changes in the Consumer Price Index--not to exceed 2% per year; (d) permits establishment of a new “full cash value” when there is new construction or a change in ownership (subject to certain exceptions); (e) permits the reassessment, up to the March 1, 1975 value, of property which was not current on the 1975-76 assessment roll; (f) requires counties to collect the 1% property tax and to “apportion according to law to the districts within the counties”; (g) prohibits new *ad valorem* taxes on real property, or sales or transaction taxes on the sale of real property; (h) permits the imposition of special taxes by local agencies, other than those prohibited, by a two-thirds vote of the “qualified electors” of such agencies; and (i) requires a two-thirds vote of all members of both houses of the State Legislature for any changes in State taxes that would result in increased revenues. Additionally, Proposition 39, which was approved by the State’s voters on November 7, 2000, permits bonded

indebtedness to be incurred by a school district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, if approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. See “—Proposition 39” herein.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property.

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or the 2% annual adjustment 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.

Unitary Property. Some amount of property tax revenue 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 State Board of Equalization (“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 Districts) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The Districts are unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the Districts.

Article XIII B of the California Constitution. An initiative constitutional amendment entitled “Limitation of Government Appropriations” was approved by California voters on November 6, 1979. Under the amendment, which adds Article XIII B to the California Constitution, state and local government agencies are subject to an annual “appropriations limit,” and are prohibited from spending “appropriations subject to limitation” above that limit. Article XIII B was modified substantially by Propositions 98 and 111 in 1988 and 1990, respectively. “Appropriations subject to limitation,” for local government purposes, consist of “tax revenues,” state subventions and certain other funds (together herein referred to as “proceeds of taxes”). The amendment does not affect the appropriation of money excluded from the definition of

“appropriations subject to limitation,” such as debt service on indebtedness existing or authorized by January 1, 1979, or subsequently authorized by the voters and appropriations mandated by the courts. The amendment also excludes from limitation the appropriation of proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds equal “the costs reasonably borne by such entity in providing the regulation, product or service.”

The appropriation limit for each agency in each year is based on the limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government and for certain declared emergencies. As amended, Article XIII B defines (a) the “change in the cost of living” with respect to school districts to mean the percentage change in State per capita personal income from the preceding year; and (b) the “change in population” with respect to school districts to mean the percentage change in the average daily attendance of the school districts from the preceding fiscal year. Either test is likely to be greater than the change in the cost-of-living index, which was used prior to the enactment of Proposition 111.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by an agency over such two-year period above the combined appropriations limits for those two fiscal years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two fiscal years.

Section 4 of Article XIII B provides that the appropriations limit imposed on any entity of government may be changed by the electors of such entity, provided that the duration of any such change shall not exceed four years from the most recent vote of the electors.

As originally enacted in 1979, the appropriations limit for each agency was based on 1978-79 fiscal year authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Starting in the 1990-1991 Fiscal Year, each agency’s appropriations limit was recalculated by taking the actual 1986-1987 limit, and applying the annual adjustments as if Proposition 111 had been in effect.

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 certain debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIII C and Article XIII D of the California Constitution. On November 5, 1996, California voters approved Proposition 218—Voters Approval for Local Government Taxes—Limitation on Fees,

Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (a) the *ad valorem* property tax imposed pursuant to Article XIII and Article XIII A of the California Constitution, (b) any special tax receiving a two-thirds vote pursuant to the California Constitution, and (c) assessments, fees and charges for property related services as provided in Proposition 218. Proposition 218 also adds voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairment of contracts.

In general, the Districts have not historically been funded through the imposition of special taxes or general taxes not already subject to a two-thirds voter approval. Proposition 218 could, however, restrict the Districts' ability to raise future revenues and could subject existing sources of revenue to reduction or repeal. The Districts are not able to predict at this time the effect Proposition 218 will have on the Districts' future revenues.

Proposition 26. On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC 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 entity.

Propositions 98 and 111. On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the California Education Code, Proposition 98 also amended Article XIII B and Section 8 of Article XVI of the State Constitution and added Section 8.5 of Article XVI to the State Constitution, establishing a minimum level of State funding for school districts, allocating to school districts, within limits, State revenues in excess of the State's appropriations limit and exempting such excess funds from school district appropriations limits.

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

Article XIII B, as amended by both Proposition 98 and Proposition 111, is discussed above under "—Article XIII B of the California Constitution."

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

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

(i) The amount which, as a percentage of the State general fund ("General Fund") revenues which may be appropriated pursuant to Article XIII B, equals the percentage of General Fund revenues appropriated for school districts in Fiscal Year 1986-1987;

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

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

If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the General Fund revenue growth exceeds personal income growth. Legislation adopted prior to the end of the 1988-1989 Fiscal Year implementing Proposition 98 determined the K-14 schools' funding guarantee under Test 1 to be 40.3% of the General Fund tax revenues, based on 1986-1987 appropriations.

However, that percent has been adjusted to approximately 35% to account for a subsequent redirection of local property taxes since such redirection directly affects the share of State General Fund revenues to schools.

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

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

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

Proposition 39. On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (a) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (b) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list," and (c) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bonds proceeds.

Section 1(b)(3) of Article XIII A has been added to except from the 1% *ad valorem* tax limitation under Section 1(a) of Article XIII A of the Constitution levies to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (a) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (b) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (c) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 required that a citizens' oversight committee must be appointed, and must review the use of the bond funds and inform the public about their proper usage.

Proposition 1A and Proposition 22. On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local

governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature, or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

On November 2, 2010, California's voters approved Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Act of 2010." Proposition 22 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.

As a result of the decision of the Court in *Matosantos*, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of property tax revenue to taxing agencies, including the Districts, that would have been paid to such taxing agencies had the redevelopment agencies continued in existence, redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. As a result of the continuing ongoing implementation of AB1X 26, the Districts can make no representations regarding what affect such implementation of AB1X 26 will have on each District's future receipt of tax increment revenues. See "—State Funding of Education—Dissolution of Redevelopment Agencies" herein.

Proposition 30 and Proposition 55. On November 6, 2012, California voters approved Proposition 30 entitled the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 temporarily increased the State sales and use tax as well as the State personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 1/4% of gross receipts of any retailer from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013, and before January 1, 2017, for storage, use, or other consumption in the State, at the rate of 1/4% of the sales price of the property. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increases the marginal personal income tax rate by one percent to three percent for certain of the State's income taxpayers.

The revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for K-14 districts. See "—Constitutional and Statutory Provisions Affecting School District Revenues and Appropriations—Propositions 98 and 111" above. From an accounting perspective, the revenues generated from the temporary tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA are being allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds are distributed to K-14 districts in the same manner as existing unrestricted per-student funding, except that no school district receives less than \$200 per unit of A.D.A. and no community college district receives less

than \$100 per full time equivalent student. The governing board of each K-14 district is granted sole authority to determine how the moneys received from the EPA are spent. However, the appropriate governing board of each K-14 district is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

Proposition 2. On November 4, 2014, voters of the State of California 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 2015-2016 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 total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 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 2029-2030 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 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 Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 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 Funding Guarantee in any fiscal year, and any excess funds must be paid to K-14 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.

School District Reserves. Senate Bill 858 (Chapter 32, Statutes of 2014) (“S.B. 858”), trailer legislation to the 2014-15 State budget, creates new disclosure requirements effective beginning Fiscal Year 2015-2016 for school districts that have general fund reserves in excess of the State minimum. S.B. 858 requires school districts to identify amounts in excess of their required reserves and explain the need for higher levels. This information must be disclosed at a public meeting and in each budget submitted to a county office of education. As a result of the passage of Proposition 2, certain additional provisions of S.B. 858 cap school district reserve levels. Reserves are capped in any fiscal year following a State deposit into the Proposition 98 reserve created by Proposition 2. Under S.B. 858, in any fiscal year immediately after a fiscal year in which a transfer is made to the Proposition 98 reserve, any adopted or revised budget by a school district would need to contain a combined assigned and unassigned ending fund balance that is not more than two or three times, as applicable (based on a school districts average daily attendance), the amount of the reserve for economic uncertainties mandated by the California 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 circumstances.

Senate Bill 751 (Chapter 674, Statutes of 2017) (“S.B. 751”), which became effective January 1, 2018, alters the reserve requirements imposed by S.B. 858. Under S.B. 751, in a fiscal year immediately after a fiscal year in which the amount of money in the Proposition 98 reserve is equal to or exceeds three percent of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, any adopted or revised school district budget cannot have an assigned or unassigned ending fund balance that exceeds ten percent of those funds. S.B. 751 excludes from the requirements of those provisions basic aid school districts and small school districts that have fewer than 2,501 units of average daily attendance.

Application of Constitutional and Statutory Provisions. The application of Proposition 98 and other statutory regulations has become increasingly difficult to accurately predict in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding, see “APPENDIX B—GENERAL DISTRICT FINANCIAL INFORMATION—State Funding of Education” herein.

Possible Future Actions. Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 26, 98, 111, 30, 55 and 2 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 the Districts' revenues or the Districts' ability to expend revenues. There is no assurance that the California electorate or State Legislature will not at some future time approve additional limitations which could reduce property or other tax revenues or otherwise adversely affect the revenues of the Districts.

APPENDIX C

**CERTAIN BACKGROUND INFORMATION
AND PROJECTED CASH FLOWS OF THE DISTRICTS**

**CERTAIN BACKGROUND INFORMATION
AND PROJECTED CASH FLOWS FOR SERIES A DISTRICTS**

**CERTAIN BACKGROUND INFORMATION
AND PROJECTED CASH FLOWS FOR SERIES B DISTRICTS**

**CERTAIN BACKGROUND INFORMATION
AND PROJECTED CASH FLOWS FOR SERIES C DISTRICTS**

**CERTAIN BACKGROUND INFORMATION
AND PROJECTED CASH FLOWS FOR SERIES D DISTRICT**

APPENDIX D
COVERAGE ANALYSIS

APPENDIX E
PROPOSED FORMS OF BOND COUNSEL OPINIONS

[See Attached]

July 12, 2022

California School Cash Reserve
Program Authority
Moorpark, California

California School Cash Reserve Program Authority
2022-2023 Bonds, Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California School Cash Reserve Program Authority (the “Authority”) in connection with the issuance of its California School Cash Reserve Program Authority 2022-2023 Bonds, Series A (the “Series A Bonds”), in the aggregate principal amount of \$9,195,000, issued pursuant to the Indenture, dated as of July 1, 2022 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the resolutions of the California school districts, community college districts and county boards of education (collectively, the “Districts”) identified in Schedule I to the Indenture and, for a District that is not fiscally accountable, in certain cases, a corresponding resolution of the County Board of Supervisors of the County in which such District is located (collectively, the “Counties”), each such resolution (collectively, the “Note Resolutions”) approving the issuance of the tax and revenue anticipation notes (the “Series A Notes”) issued on the date hereof by or on behalf of such Districts and designated the respective District’s “2022-2023 Tax and Revenue Anticipation Note,” with the seniority and series designations identified in Schedule I to the Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), relating to the Series A Bonds, certificates of the Authority, the Districts (the “District Certificates”) and the Trustee, opinions of counsel to the Trustee, the Districts and others, an opinion of Kutak Rock LLP, as special counsel to the Districts, regarding the issuance of the Series A Notes by the Districts or Counties, as applicable, and the adoption, legality, validity and enforceability of the Note Resolutions, the Series A Notes and certain other matters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series A Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series A Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series A Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions,

referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Note Resolutions, the Indenture, the District Certificates and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series A Bonds, the Note Resolutions, the Series A Notes, the Indenture, the District Certificates and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the Districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Note Resolutions or the Indenture, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series A Notes or the Series A Bonds and express no opinion or conclusion with respect thereto.

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

1. The Series A Bonds constitute the valid and binding special obligations of the Authority, payable from interest and principal payments made by the Districts on their respective Series A Notes.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding special obligation of, the Authority.

3. Interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Series A Bonds and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Series A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series A Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

July 12, 2022

California School Cash Reserve
Program Authority
Moorpark, California

California School Cash Reserve Program Authority
2022-2023 Bonds, Series B
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California School Cash Reserve Program Authority (the “Authority”) in connection with the issuance of its California School Cash Reserve Program Authority 2022-2023 Bonds, Series B (the “Series B Bonds”), in the aggregate principal amount of \$30,705,000, issued pursuant to the Indenture, dated as of July 1, 2022 (the “Original Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of July 1, 2022 (the “First Supplemental Indenture” and together with the Original Indenture, the “Indenture”), by and between the Authority and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the resolutions of the California school districts, community college districts and county boards of education (collectively, the “Districts”) identified in Schedule I to the First Supplemental Indenture and, for a District that is not fiscally accountable, in certain cases, a corresponding resolution of the County Board of Supervisors of the County in which such District is located (collectively, the “Counties”), each such resolution (collectively, the “Note Resolutions”) approving the issuance of the tax and revenue anticipation notes (the “Series B Notes”) issued on the date hereof by or on behalf of such Districts and designated the respective District’s “2022-2023 Tax and Revenue Anticipation Note,” with the seniority and series designations identified in Schedule I to the First Supplemental Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), relating to the Series B Bonds, certificates of the Authority, the Districts (the “District Certificates”) and the Trustee, opinions of counsel to the Trustee, the Districts and others, an opinion of Kutak Rock LLP, as special counsel to the Districts, regarding the issuance of the Series B Notes by the Districts or Counties, as applicable, and the adoption, legality, validity and enforceability of the Note Resolutions, the Series B Notes and certain other matters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series B Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series B Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series B Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than

the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Note Resolutions, the Indenture, the District Certificates and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series B Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series B Bonds, the Note Resolutions, the Series B Notes, the Indenture, the District Certificates and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the Districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Note Resolutions or the Indenture, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series B Notes or the Series B Bonds and express no opinion or conclusion with respect thereto.

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

1. The Series B Bonds constitute the valid and binding special obligations of the Authority, payable from interest and principal payments made by the Districts on their respective Series B Notes.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding special obligation of, the Authority.
3. Interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Series B Bonds and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Series B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series B Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

July 12, 2022

California School Cash Reserve
Program Authority
Moorpark, California

California School Cash Reserve Program Authority
2022-2023 Bonds, Series C
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California School Cash Reserve Program Authority (the “Authority”) in connection with the issuance of its California School Cash Reserve Program Authority 2022-2023 Bonds, Series C (the “Series C Bonds”), in the aggregate principal amount of \$18,845,000, issued pursuant to the Indenture, dated as of July 1, 2022 (the “Original Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by the Second Supplemental Indenture, dated as of July 1, 2022 (the “Second Supplemental Indenture” and together with the Original Indenture, the “Indenture”), by and between the Authority and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the resolutions of the California school districts, community college districts and county boards of education (collectively, the “Districts”) identified in Schedule I to the Second Supplemental Indenture and, for a District that is not fiscally accountable, in certain cases, a corresponding resolution of the County Board of Supervisors of the County in which such District is located (collectively, the “Counties”), each such resolution (collectively, the “Note Resolutions”) approving the issuance of the tax and revenue anticipation notes (the “Series C Notes”) issued on the date hereof by or on behalf of such Districts and designated the respective District’s “2022-2023 Tax and Revenue Anticipation Note,” with the seniority and series designations identified in Schedule I to the Second Supplemental Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), relating to the Series C Bonds, certificates of the Authority, the Districts (the “District Certificates”) and the Trustee, opinions of counsel to the Trustee, the Districts and others, an opinion of Kutak Rock LLP, as special counsel to the Districts, regarding the issuance of the Series C Notes by the Districts or Counties, as applicable, and the adoption, legality, validity and enforceability of the Note Resolutions, the Series C Notes and certain other matters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series C Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series C Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series C Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than

the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Note Resolutions, the Indenture, the District Certificates and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series C Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series C Bonds, the Note Resolutions, the Series C Notes, the Indenture, the District Certificates and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the Districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Note Resolutions or the Indenture, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series C Notes or the Series C Bonds and express no opinion or conclusion with respect thereto.

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

1. The Series C Bonds constitute the valid and binding special obligations of the Authority, payable from interest and principal payments made by the Districts on their respective Series C Notes.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding special obligation of, the Authority.
3. Interest on the Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Series C Bonds and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Series C Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series C Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

July 12, 2022

California School Cash Reserve
Program Authority
Moorpark, California

California School Cash Reserve Program Authority
2022-2023 Bonds, Series D
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California School Cash Reserve Program Authority (the “Authority”) in connection with the issuance of its California School Cash Reserve Program Authority 2022-2023 Bonds, Series D (the “Series D Bonds”), in the aggregate principal amount of \$5,000,000, issued pursuant to the Indenture, dated as of July 1, 2022 (the “Original Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by the Third Supplemental Indenture, dated as of July 1, 2022 (the “Third Supplemental Indenture” and together with the Original Indenture, the “Indenture”), by and between the Authority and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the resolutions of the California school districts, community college districts and county boards of education (collectively, the “Districts”) identified in Schedule I to the Third Supplemental Indenture and, for a District that is not fiscally accountable, in certain cases, a corresponding resolution of the County Board of Supervisors of the County in which such District is located (collectively, the “Counties”), each such resolution (collectively, the “Note Resolutions”) approving the issuance of the tax and revenue anticipation notes (the “Series D Notes”) issued on the date hereof by or on behalf of such Districts and designated the respective District’s “2022-2023 Tax and Revenue Anticipation Note,” with the seniority and series designations identified in Schedule I to the Third Supplemental Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), relating to the Series D Bonds, certificates of the Authority, the Districts (the “District Certificates”) and the Trustee, opinions of counsel to the Trustee, the Districts and others, an opinion of Kutak Rock LLP, as special counsel to the Districts, regarding the issuance of the Series D Notes by the Districts or Counties, as applicable, and the adoption, legality, validity and enforceability of the Note Resolutions, the Series D Notes and certain other matters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series D Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series D Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters.

Our engagement with respect to the Series D Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Note Resolutions, the Indenture, the District Certificates and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the series D Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series D Bonds, the Note Resolutions, the Series D Notes, the Indenture, the District Certificates and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the Districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Note Resolutions or the Indenture, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series D Notes or the Series D Bonds and express no opinion or conclusion with respect thereto.

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

1. The Series D Bonds constitute the valid and binding special obligations of the Authority, payable from interest and principal payments made by the Districts on their respective Series D Notes.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding special obligation of, the Authority.
3. Interest on the Series D Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Series D Bonds and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Series D Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series D Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per