

**PRELIMINARY OFFICIAL STATEMENT DATED [SEPTEMBER 28], 2021****NEW ISSUE – BOOK-ENTRY ONLY**

**RATING: Moody's: "[ ]"**  
**(See "MISCELLANEOUS – Rating.")**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, 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 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*



**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**

\$63,000,000*	\$25,000,000*
GENERAL OBLIGATION BONDS, ELECTION OF 2016 (MEASURE J), SERIES 2021	2021 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)

**Dated: Date of Delivery****Due: August 1 as shown on inside cover**

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page shall have the meanings given such terms herein.*

The Livermore Valley Joint Unified School District General Obligation Bonds, Election of 2016 (Measure J), Series 2021 (the "Series 2021 Bonds" or the "Tax-Exempt Bonds") are being issued by the Livermore Valley Joint Unified School District (the "District"), located in Alameda County ("Alameda County") and Contra Costa County ("Contra Costa County" and, together with Alameda County, the "Counties") to (i) finance certain authorized projects approved by the voters of the District, and (ii) pay costs of issuance of the Series 2021 Bonds. The Series 2021 Bonds were authorized at an election of the voters of the District held on June 7, 2016 at which at least 55% of the voters voting on the proposition voted to authorize the issuance and sale of \$245 million principal amount of bonds of the District. The Series 2021 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Education of the District.

The Livermore Valley Joint Unified School District 2021 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" or the "Taxable Bonds" and, together with the Series 2021 Bonds, the "Bonds") are being issued by the District to (i) refund a portion of the District's outstanding 2014 General Obligation Refunding Bonds (the "Prior Bonds") and (ii) pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued under the laws of the State and pursuant to a resolution of the Board of Education of the District. The Prior Bonds to be refunded and defeased are referred to herein as the "Refunded Bonds."

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

The Bonds will be issued as current interest bonds. Principal of the Bonds is payable on August 1 of each year shown on the Maturity Schedules on the inside cover. Interest on the Bonds is payable on February 1, 2022, and thereafter on each February 1 and August 1. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest."

The Bonds will be issued in book-entry form only and will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration of the Bonds."

**The Series 2021 Bonds are subject to redemption prior to maturity.\* See "THE BONDS – Redemption."**

\* Preliminary, subject to change.

The District has applied for a municipal bond insurance policy for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

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**See Inside Cover for  
Maturity Schedules**

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*The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriters by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October \_\_, 2021.*

**Stifel**

**RBC Capital Markets, LLC**

Official Statement dated \_\_\_\_\_, 2021.

**MATURITY SCHEDULES**

**\$63,000,000\***

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
(Alameda and Contra Costa Counties, California)**

**GENERAL OBLIGATION BONDS, ELECTION OF 2016 (MEASURE J), SERIES 2021**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield<sup>†</sup></u>	<u>CUSIP<sup>‡</sup> No. (538310)</u>
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\$\_\_\_\_\_ % Term Bonds due August 1, 20\_\_; Yield<sup>†</sup> \_\_\_%; CUSIP<sup>‡</sup> No. 538310\_\_

**\$25,000,000\***

**2021 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield<sup>†</sup></u>	<u>CUSIP<sup>‡</sup> No. (538310)</u>
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\* Preliminary; subject to change.

<sup>†</sup> Yields certified by the Underwriters. The District takes no responsibility therefor.

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

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

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES 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 UNDERWRITERS 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 FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.**

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA**

**BOARD OF EDUCATION**

Craig Bueno, *President*  
Yanira Guzman, *Member*  
Emily Prusso, *Clerk*  
Kristie Wang, *Member*  
Anne White, *Member*

**ADMINISTRATION**

Kelly Bowers, Ed.D., *Superintendent*  
Chris Van Schaack, *Deputy Superintendent*  
Susan Kinder, *Assistant Superintendent of Business Services*  
Melissa Theide, *Assistant Superintendent of Educational Services*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**Municipal Advisor**

Isom Advisors, a Division of Urban Futures, Inc.  
*Walnut Creek, California*

**Paying Agent and Escrow Agent**

U.S. Bank National Association  
*San Francisco, California*

**Verification Agent**

Causey Demgen & Moore P.C.  
*Denver, Colorado*

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**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
(Alameda and Contra Costa Counties, California)

**\$63,000,000\***  
**General Obligation Bonds, Election of 2016**  
**(Measure J), Series 2021**

**\$25,000,000\***  
**2021 General Obligation Refunding Bonds**  
**(Federally Taxable)**

**INTRODUCTION**

**General**

This Official Statement, which includes the front and inside cover pages and appendices hereto (this “Official Statement”), is provided to furnish information in connection with the Livermore Valley Joint Unified School District General Obligation Bonds, Election of 2016 (Measure J), Series 2021 (the “Series 2021 Bonds” or the “Tax-Exempt Bonds”), and the Livermore Valley Joint Unified School District 2021 General Obligation Refunding Bonds (Federally Taxable) (the “Refunding Bonds” or the “Taxable Bonds” and, together with the Series 2021 Bonds, the “Bonds”), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the Livermore Valley Joint Unified School District (the “District”), the District has no obligation to update the information in this Official Statement. See “OTHER LEGAL MATTERS – Continuing Disclosure.”

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

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions (as defined herein) and the Paying Agent Agreements (as defined herein) providing for the issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

**The District**

The District includes approximately 250 square miles in Alameda County (“Alameda County”) and 22 square miles in Contra Costa County (“Contra Costa County”). The District provides education services to the residents of the City of Livermore (the “City”) and unincorporated portions of Alameda County and Contra Costa County. The District has a budgeted enrollment of 13,600 students during fiscal year 2021-22 in nine elementary schools, two K-8 schools, three middle schools, two high schools, two alternative schools and one adult school. The District’s enrollment is subject to change due to, among other things, student transfers to and from other school districts. For additional information about the District’s operations and finances, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET.”

**THE BONDS**

**Authority for Issuance**

*Series 2021 Bonds.* The Series 2021 Bonds are issued pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Government Code”), and other applicable provisions of law, including applicable provisions of the Education Code of the State (the “Education Code”). The Series 2021 Bonds are authorized by a

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\* Preliminary, subject to change.

resolution (the “Series 2021 Resolution”) adopted by the District’s Board of Education (the “Board of Education”) on September 7, 2021, and are issued pursuant to a Paying Agent Agreement, dated as of October 1, 2021 (the “Series 2021 Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”) and acknowledged by the Treasurer-Tax Collector of the County of Alameda (the “County Treasurer”).

**Refunding Bonds.** The Refunding Bonds are being issued by the District pursuant to the Constitution and laws of the State, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, applicable provisions of the Education Code and other applicable provisions of law. The Refunding Bonds are authorized by a resolution adopted by the Board of Education on September 7, 2021 (the “Refunding Resolution” and, together with the Series 2021 Resolution, the “Resolutions”), and are being issued pursuant to a paying agent agreement, dated as of October 1, 2021 (the “Refunding Paying Agent Agreement” and, together with the Series 2021 Paying Agent Agreement, the “Paying Agent Agreements”), by and between the District and the Paying Agent, and acknowledged by the County Treasurer.

### **Purpose of Issuance**

**Series 2021 Bonds.** At an election held on June 7, 2016, the District received authorization under a ballot measure to issue bonds of the District in an aggregate principal amount not to exceed \$245,000,000 to finance specific school facility construction, repair and improvement projects (the “2016 Authorization”), summarized as follows: renovate aging Livermore Valley Joint Unified School District classrooms and school facilities with funding that the State can’t take away; improve fire safety and security systems; repair deteriorating roofs, plumbing, restrooms and electrical systems; modernize outdated classrooms, science labs and instructional technology; upgrade, acquire, construct, equip classrooms/facilities and qualify for State matching funds. The measure required approval by at least 55% of the votes cast by eligible voters within the District, and received a favorable vote of approximately 66.8%. The Series 2021 Bonds represent the third series of bonds to be issued under the 2016 Authorization and will be issued to finance authorized projects. Following the issuance of the Series 2021 Bonds, there will be no remaining unissued authorization under the 2016 Authorization\*. See “– Application and Investment of Series 2021 Bond Proceeds.”

**Refunding Bonds.** Proceeds of the Refunding Bonds will be applied (i) to defease and refund a portion of the District’s outstanding 2014 General Obligation Refunding Bonds (the “Prior Bonds”) and (ii) pay costs of issuance of the Refunding Bonds. The outstanding Prior Bonds to be refunded and defeased are collectively referred to herein as the “Refunded Bonds.” See “– Plan of Refunding.”

### **Form and Registration of the Bonds**

The Bonds will be dated the date of their delivery and issued in fully registered book-entry only form, in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. Principal and interest will be paid by the Paying Agent to DTC, which will in turn remit such payments to its participants, for subsequent distribution to beneficial owners of the Bonds, as described herein. See APPENDIX F – “BOOK-ENTRY SYSTEM.”

### **Payment of Principal and Interest**

The Bonds will be issued as current interest bonds. The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on February 1, 2022 (the “Interest Payment Date”), until payment of the principal amount thereof, computed using a year of 360 days, consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on January 15, 2022 will bear interest from the date of their delivery. Bonds

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\* Preliminary, subject to change.



authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check or draft mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable on August 1 of each year as set forth on the maturity schedules on the inside cover page hereof, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "Interest and Sinking Fund") within the Alameda County treasury, consisting of *ad valorem* property taxes collected and held by the County Treasurer, together with any accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

### **Redemption\***

***Optional Redemption of the Series 2021 Bonds.*** The Series 2021 Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Series 2021 Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of Series 2021 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

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

***Mandatory Sinking Fund Redemption of the Series 2021 Bonds.*** The \$\_\_\_\_\_ Term Series 2021 Bond maturing on August 1, 20\_\_, is also subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

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\* Preliminary; subject to change.

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

†

† Maturity.

The principal amount to be redeemed in each year shown in the table above shall be reduced proportionately, in integral multiples of \$5,000, by the amount of such Term Series 2021 Bond optionally redeemed prior to the mandatory sinking fund redemption date.

**Selection of Series 2021 Bonds for Redemption.** If less than all of the Series 2021 Bonds are called for redemption, such Series 2021 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Series 2021 Bonds of any given maturity are called for redemption, the portions of such Series 2021 Bonds of a given maturity to be redeemed shall be determined by lot. For purposes of such selection, each Series 2021 Bond will be deemed to consist of individual Series 2021 Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

**Notice of Redemption.** Notice of redemption of the Series 2021 Bonds shall be given by the Paying Agent. Notice of redemption of the Series 2021 Bonds shall be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first-class mail to the respective Owners of Series 2021 Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX D – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.”

Each notice of redemption is required to contain all of the following information: (i) the date of such notice; (ii) the name of the affected Series 2021 Bonds and the date of issue of the Series 2021 Bonds; (iii) the date fixed for redemption; (iv) the redemption price, if available; (v) the dates of maturity of the Series 2021 Bonds to be redeemed; (vi) if less than all of the then outstanding Series 2021 Bonds are to be redeemed, the distinctive serial numbers of the Series 2021 Bonds of each maturity to be redeemed; (vii) in the case of Series 2021 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2021 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2021 Bonds to be redeemed; (ix) a statement that such Series 2021 Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (x) notice that further interest on such Series 2021 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

The actual receipt by the Owner of any Series 2021 Bond of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Series 2021 Bonds or the cessation of interest on the date fixed for redemption.

**Conditional Notice.** Any notice of optional redemption of the Series 2021 Bonds delivered in accordance with the applicable Paying Agent Agreement may be conditioned on any fact or circumstance stated therein, and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice will be of no force and effect, (ii) the District will not be required to redeem such Series 2021 Bonds, (iii) the redemption will be cancelled, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the Owner of any Series 2021 Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

***Effect of Notice of Redemption.*** When notice of redemption has been given substantially as provided for in the Series 2021 Paying Agent Agreement, and when the amount necessary for the payment of the redemption price of the Series 2021 Bonds called for redemption is set aside for such purpose as described in the Series 2021 Paying Agent Agreement, the Series 2021 Bonds designated for redemption will become due and payable on the date fixed for redemption and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2021 Bonds at the place specified in the notice of redemption, such Series 2021 Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of Series 2021 Bonds so called for redemption after such date fixed for redemption shall look for the payment of such Series 2021 Bonds and the redemption premium thereon, if any, only to moneys on deposit in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Series 2021 Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

***Rescission of Notice of Redemption.*** The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Series 2021 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2021 Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series 2021 Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

#### **Defeasance of Bonds**

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the Counties to levy and collect taxes to pay the Bonds as described herein, and such obligation and all agreements and covenants of the District to such Owners under the applicable Resolution and Paying Agent Agreement shall thereupon be satisfied and discharged and shall terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in the applicable Paying Agent Agreement will apply in all events.

#### **Unclaimed Moneys**

Any money held in any fund created pursuant to a Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, the applicable Paying Agent Agreement requires said moneys to be transferred to the general fund of the District as provided and permitted by law.

## **Bond Insurance**

The District has applied for a municipal bond insurance policy for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

## **Application and Investment of Series 2021 Bond Proceeds**

The proceeds from the sale of the Series 2021 Bonds, exclusive of any premium and accrued interest received, are required to be deposited in the Alameda County treasury to the credit of the building fund of the District (the "Building Fund"). Any premium and accrued interest shall be deposited upon receipt in the Interest and Sinking Fund of the District within the Alameda County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Series 2021 Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District. See "– Outstanding Bonds."

A portion of the proceeds of the Series 2021 Bonds will be retained by the Paying Agent in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Series 2021 Bonds. All funds held by the County Treasurer pursuant to the Series 2021 Resolution and under the Series 2021 Paying Agent Agreement will be invested in the County Treasurer's investment pool, the Local Agency Investment Fund, or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, all pursuant to law and the investment policy of Alameda County. See APPENDIX E – "ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT POOL." At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of Section 148 of the Code and the requirements of each rating agency then rating the Series 2021 Bonds necessary to maintain the then-current rating on the Series 2021 Bonds.

## **Plan of Refunding**

The Refunding Bonds will be issued to (i) refund and defease, on an advance basis, a portion of the outstanding Prior Bonds on August 1, 2024 (the "Redemption Date"), and (ii) pay costs of issuance of the Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into the Escrow Fund (the "Escrow Fund") to be established and maintained by U.S. Bank National Association, acting as escrow agent (the "Escrow Agent") under that certain escrow agreement, dated as of October 1, 2021 (the "Escrow Agreement"), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the Refunded Bonds to the Redemption Date at the redemption price. See "ESCROW VERIFICATION."

A portion of the proceeds of the Refunding Bonds will be retained by the Paying Agent in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Refunding Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Refunding Bonds will be transferred to the County Treasurer for deposit in the District's Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Refunding Bonds, will be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. See APPENDIX E – "ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT POOL."

Causey Demgen & Moore, P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the "Verification Agent") with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunding Bonds to the Redemption Date.

The Refunded Bonds to be refunded are as follows\*:

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**2014 General Obligation Refunding Bonds**

**Redemption Date: August 1, 2024**  
**Redemption Price: 100%**

Maturity Date (August 1)*	Principal Amount	Interest Rate	CUSIP† No. (538310)
2025	\$4,085,000	5.00%	F24
2026	4,300,000	5.00	F32
2027	4,535,000	5.00	F40
2028	3,585,000	5.00	F57
2029	3,775,000	3.50	F65

The following Prior Bonds are currently outstanding but shall not be refunded by the Refunding Bonds\*:

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**2014 General Obligation Refunding Bonds**

Maturity Date (August 1)*	Principal Amount	Interest Rate	CUSIP† No. (538310)
2022	\$3,520,000	5.00%	E74
2023	3,705,000	5.00	E82
2024	3,910,000	4.25	E90

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\* Preliminary, subject to change.

† CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel assumes responsibility for the accuracy of such numbers.

**ESTIMATED SOURCES AND USES OF FUNDS**

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

	<b>Series 2021</b>	<b>Refunding</b>	<b>Total</b>
	<b>Bonds</b>	<b>Bonds</b>	
	_____	_____	_____
Sources of Funds			
Principal Amount			
[Net] Original Issue [Premium/Discount]	_____	_____	_____
Total Sources:			
Uses of Funds			
Deposit to Building Fund			
Deposit to Interest and Sinking Fund			
Deposit to Escrow Fund			
Costs of Issuance <sup>(1)</sup>			
Underwriters' Discount	_____	_____	_____
Total Uses:			

<sup>(1)</sup> Includes fees of municipal advisor, bond counsel, disclosure counsel, rating agency, paying agent, escrow agent, verification agent, printing fees, Bond Insurance premium, if applicable, and other miscellaneous expenses.

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## DEBT SERVICE SCHEDULES

### Semi-Annual Debt Service of the Bonds

The scheduled semi-annual principal and interest payments on the Bonds, assuming no optional redemptions prior to maturity, are shown in the following table:

Period Ending	Series 2021 Bonds		Refunding Bonds		Total Semi-Annual Debt Service	Total Annual Debt Service
	Principal	Interest	Principal	Interest		
2/1/2022						
8/1/2022						
2/1/2023						
8/1/2023						
2/1/2024						
8/1/2024						
2/1/2025						
8/1/2025						
2/1/2026						
8/1/2026						
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2/1/2043						
8/1/2043						
2/1/2044						
8/1/2044						
2/1/2045						
8/1/2045						
2/1/2046						
8/1/2046						
2/1/2047						
8/1/2047						
<b>Total</b>	_____	_____	_____	_____	_____	_____

**Combined Annual Debt Service**

The District has previously issued and currently has outstanding its 2014 General Obligation Refunding Bonds, its General Obligation Bonds, Election of 2016 (Measure J), Series 2016, its General Obligation Bonds, Election of 2016 (Measure J), Series 2019, and its 2020 General Obligation Refunding Bonds (Forward Delivery). See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure.”

The following table sets forth the annual debt service, assuming no optional redemptions prior to maturity, of all outstanding general obligation bonds of the District, including the Series 2021 Bonds and the Refunding Bonds.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Outstanding General Obligation Bonds**  
**Annual Debt Service**

Period Ending (August 1)	Outstanding Bonds Debt Service*	Series 2021 Bonds Debt Service	Refunding Bonds Debt Service	Aggregate Debt Service
2022	\$12,892,150.00			
2023	13,253,900.00			
2024	13,647,100.00			
2025	12,564,525.00			
2026	12,912,675.00			
2027	11,992,125.00			
2028	11,175,575.00			
2029	11,563,225.00			
2030	8,038,800.00			
2031	8,434,600.00			
2032	8,844,600.00			
2033	9,268,350.00			
2034	9,903,350.00			
2035	10,225,350.00			
2036	10,534,450.00			
2037	10,850,500.00			
2038	11,172,600.00			
2039	11,509,850.00			
2040	11,856,050.00			
2041	12,210,150.00			
2042	12,578,750.00			
2043	12,954,800.00			
2044	13,344,150.00			
2045	13,745,350.00			
2046	14,156,950.00			
2047	1,287,500.00			
<b>Total</b>	<b>\$290,917,425.00</b>			

\* Includes debt service on Refunded Bonds to be refunded by the Refunding Bonds.



## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of Alameda County and the Board of Supervisors of Contra Costa County are empowered and are obligated to levy *ad valorem* taxes upon all property subject to taxation by the District within each respective county, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the Counties in the District's Interest and Sinking Fund, which is required to be maintained by Alameda County and to be used solely for the payment of bonds of the District.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law, and are not a debt or obligation of the Counties. No fund of the Counties is pledged or obligated to repayment of the Bonds.

### Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the Bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. It is not possible to predict the outcomes or the effects of the outcomes in these appeals.

### Pledge of Tax Revenues

Pursuant to the Resolutions, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "District Bonds") and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the Resolutions for the benefit of the owners of the District Bonds and successors thereto. The Resolutions provide that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The Resolutions provide that this pledge is an agreement between the District and the Bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

## Property Taxation System

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

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer/tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer/tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The District is located in both Alameda County and Contra Costa County. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

### Assessed Valuation of Property Within the District

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

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

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

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table sets forth the taxable property assessed valuation in the District for fiscal years 2012-13 through 2021-22.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**Assessed Valuation of Secured and Unsecured Property**  
**Fiscal Years 2012-13 through 2021-22**

**ALAMEDA COUNTY PORTION**

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	\$13,589,999,292	\$16,661,882	\$ 776,417,287	\$14,383,078,461	-
2013-14	14,056,545,687	16,557,869	728,542,867	14,801,646,423	2.9%
2014-15	15,171,758,906	15,963,204	675,345,824	15,863,067,934	7.2
2015-16	16,205,601,055	16,168,635	701,110,302	16,922,879,992	6.7
2016-17	17,229,429,787	16,079,445	720,581,850	17,966,091,082	6.2
2017-18	18,367,648,346	13,149,678	706,311,320	19,087,109,344	6.2
2018-19	19,583,474,164	13,261,314	781,705,431	20,378,440,909	6.7
2019-20	20,646,058,840	12,659,804	940,075,971	21,598,794,615	6.0
2020-21	21,587,399,147	12,463,593	964,591,398	22,564,454,138	4.5
2021-22	22,570,491,519	27,593,705	1,045,163,927	23,643,249,151	4.8

**CONTRA COSTA COUNTY PORTION**

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	\$56,988,381	\$0	\$346,883	\$57,335,264	-
2013-14	58,643,752	0	341,138	58,984,890	2.9%
2014-15	61,342,184	0	344,744	61,686,928	4.6
2015-16	64,459,214	0	344,798	64,804,012	5.1
2016-17	68,945,090	0	350,149	69,295,239	6.9
2017-18	69,782,525	0	380,042	70,162,567	1.3
2018-19	71,675,669	0	374,449	72,050,118	2.7
2019-20	74,009,364	0	354,172	74,363,536	3.2
2020-21	77,145,503	0	389,113	77,534,616	4.3
2021-22					

**TOTAL DISTRICT**

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	\$13,646,987,673	\$16,661,882	\$776,764,170	\$14,440,413,725	-
2013-14	14,115,189,439	16,557,869	728,884,005	14,860,631,313	2.9%
2014-15	15,233,101,090	15,963,204	675,690,568	15,924,754,862	7.2
2015-16	16,270,060,269	16,168,635	701,455,100	16,987,684,004	6.7
2016-17	17,298,374,877	16,079,445	720,931,999	18,035,386,321	6.2
2017-18	18,437,430,871	13,149,678	706,691,362	19,157,271,911	6.2
2018-19	19,655,149,833	13,261,314	782,079,880	20,450,491,027	6.8
2019-20	20,720,068,204	12,659,804	940,430,143	21,673,158,151	6.0
2020-21	21,664,544,650	12,463,593	964,980,511	22,641,988,754	4.5
2021-22					

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*–Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

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

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

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the Alameda County assessor's office, Alameda County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by Alameda County. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

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

***Risk of Decline in Property Values; Earthquake Risk.*** Property values could be reduced by factors beyond the District's control, such as a depressed real estate market due to general economic conditions in the District, the region and the State.

The District is located in a seismically active region. Active earthquake faults underlie the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They

include the San Andreas fault, the Hayward fault and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

**Drought.** In recent years the State has experienced severe drought conditions. In January 2014, the Governor declared a Statewide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The State Water Resources Control Board (the "State Water Board") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures.

On March 5, 2021, the Secretary of the United States Department of Agriculture designated 50 of 58 counties in California, including the County, as primary natural disaster areas due to drought. On April 21, 2021, the Governor issued a drought emergency proclamation (the "April Drought Proclamation") which applied to two counties within the State – Mendocino and Sonoma counties. On May 10, 2021, the Governor declared a Statewide Drought State of Emergency due to the State facing serious water shortfalls, and ordered State and local agency implementation of certain provisions to adequately respond to drought conditions, significantly expanding the April Drought Proclamation to 41 counties within the State, excluding the County.

It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

**Wildfire.** In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

**Bonding Capacity.** The District may not issue bonds in excess of 2.5% of the assessed valuation of taxable property within its boundaries. Prior to the issuance of the Series 2021 Bonds and the Refunding Bonds, the District's gross bonding capacity is estimated at approximately \$[\_\_\_\_\_] million, and its net bonding capacity is approximately \$[\_\_\_\_\_] million. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

**Assessed Valuation by Jurisdiction.** The following table describes the percentage and value of the total assessed valuation of the property within the District’s boundaries for fiscal year 2021-22.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
2021-22 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Livermore				
City of Pleasanton				
Unincorporated Alameda County				
Unincorporated Contra Costa County				
Total District				

Summary by County:

Alameda County
Contra Costa County
Total District

*Source:* California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The following table sets forth a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
2021-22 Assessed Valuation and Parcels by Land Use**

<u>Non-Residential:</u>	<u>2021-22 Assessed Valuation<sup>(1)</sup></u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Agricultural				
Commercial				
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational/Golf				
Government/Social/Institutional				
Subtotal Non-Residential				

Residential:

Single Family Residence
Rural Residential
Condominium/Townhouse
Mobile Home
Mobile Home Park
2-4 Residential Units
5+ Residential Units/Apartments
Vacant Residential
Subtotal Residential

Total

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.  
*Source:* California Municipal Statistics, Inc.

**Assessed Valuation of Single-Family Residential Properties.** The following table focuses on single-family residential properties only, the value of which comprised approximately [\_\_.\_]% of the local secured assessed value of taxable property in the District in fiscal year 2021-22. The average assessed value was \$[\_\_\_\_], and the median assessed value was \$[\_\_\_\_].

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
Per Parcel Assessed Valuation of Single-Family Homes  
Fiscal Year 2021-22**

Single Family Residential	<u>No. of Parcels</u>	<u>2021-22 Assessed Valuation</u>		<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>	
<u>2021-22 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999						
\$50,000 - \$99,999						
\$100,000 - \$149,999						
\$150,000 - \$199,999						
\$200,000 - \$249,999						
\$250,000 - \$299,999						
\$300,000 - \$349,999						
\$350,000 - \$399,999						
\$400,000 - \$449,999						
\$450,000 - \$499,999						
\$500,000 - \$549,999						
\$550,000 - \$599,999						
\$600,000 - \$649,999						
\$650,000 - \$699,999						
\$700,000 - \$749,999						
\$750,000 - \$799,999						
\$800,000 - \$849,999						
\$850,000 - \$899,999						
\$900,000 - \$949,999						
\$950,000 - \$999,999						
\$1,000,000 and greater						
Total						

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

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**Largest Taxpayers in District.** The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2021-22 tax roll, and the assessed valuations thereof, are shown below. The more property (by assessed value) owned by a single taxpayer, the more exposure of tax collections to weakness in that taxpayer’s financial situation and ability or willingness to pay property taxes. No single taxpayer owned more than [\_.\_\_]% of the total taxable property in the District in fiscal year 2021-22. Each taxpayer listed is a unique entity on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
Largest 2021-22 Local Secured Taxpayers**

	<u>Property Owner</u>	<u>2021-22 Primary Land Use</u>	<u>% of Assessed Valuation</u>	<u>Total<sup>(1)</sup></u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				

<sup>(1)</sup> 2021-22 local secured assessed valuation: \$[Secured AV]  
Source: California Municipal Statistics, Inc.

**Tax Rates**

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

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



One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table sets forth *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 16-071). TRA 16-071 comprises approximately [\_\_.]% of the total assessed value of taxable property in the District in fiscal year 2021-22.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**Typical Total Tax Rates per \$100 of Assessed Valuation: TRA 16-071<sup>(1)</sup>**  
**Fiscal Years 2017-18 through 2021-22**

	2017-18	2018-19	2019-20	2020-21	2021-22
General	\$1.0000	\$1.0000	\$1.0000		
Alameda County Bonds	--	0.0112	.0108		
Livermore Valley Joint Unified School District	0.0803	0.0771	.0743		
Chabot-Las Positas Community College District	0.0445	0.0443	.0422		
Flood Control District Zone 7, State Water Project	0.0359	0.0332	.0309		
Bay Area Rapid Transit District	0.0084	0.0070	.0120		
<b>Total</b>	<b>\$1.1691</b>	<b>\$1.1728</b>	<b>\$1.1702</b>		

<sup>(1)</sup> 2021-22 AV of TRA 16-071 is \$[TRA AV].  
Source: California Municipal Statistics, Inc.

**Tax Collections and Delinquencies**

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

The county treasurer and tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$23 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer.

Annual bills for property taxes on the unsecured roll are generally issued in July, are due in a single payment within 30 days, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed. The following table shows a recent history of secured property tax collections and delinquencies in the District for its general obligation bond debt service levy.

Property tax delinquencies may be impacted by economic and other factors beyond the District’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the COVID-19 or other pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression, stemming from the effects of COVID-19 or otherwise, could impact the ability or willingness

of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see “MISCELLANEOUS – Risks Related to COVID-19.” If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The County does not anticipate an impact to the cash flow for any of the school districts within the County, including cash flow for any bond payments. The District cannot predict the extent of delinquencies and delayed tax collections, or the resulting impact on the District’s financial condition or operations. The County has adopted the Teeter Plan (defined herein), but does not apply the Teeter Plan to school district general obligation bond tax levies, according to which the County distributes to the District the amount actually collected rather than the amount levied on the secured and supplemental tax rolls. See “– Teeter Plan” below. There can be no assurances that the County will always have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. However, State law requires the County to levy ad valorem property taxes sufficient to pay the Bonds when due.

On May 6, 2020, the Governor signed Executive Order N-61-20, suspending provisions of the State Revenue and Taxation Code requiring collection of interest, penalties, and costs through May 6, 2021, for certain property taxes that are not subject to impounds and were not delinquent prior to March 4, 2020, upon satisfaction of certain conditions set forth in such order. The District is unable to predict the effect such order had on the actual collections of property taxes in fiscal year 2020-21.

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The following table sets forth real property tax collections and delinquencies in the District for fiscal years 2013-14 through 2020-21.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Years 2013-14 through 2020-21**

<u>Fiscal Year</u>	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$29,962,975.27	\$345,342.19	1.15%
2014-15	32,427,424.85	364,075.63	1.12
2015-16	34,550,816.52	437,956.84	1.27
2016-17	36,731,601.18	405,945.60	1.11
2017-18	39,270,707.93	349,478.73	0.89
2018-19	42,049,205.58	368,827.67	0.88
2019-20	44,547,948.62	474,000.88	1.06
2020-21			

<u>Fiscal Year</u>	<u>Secured Tax Charge<sup>(2)</sup></u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$ 8,311,153.91	\$ 89,291.73	1.07%
2014-15	7,478,538.56	56,972.67	0.76
2015-16	6,495,315.17	69,285.88	1.07
2016-17	15,152,937.92	151,667.09	1.00
2017-18	14,666,653.50	132,944.12	0.91
2018-19	15,021,779.80	118,521.74	0.79
2019-20	15,239,155.93	113,691.98	0.75
2020-21			

<sup>(1)</sup> 1% General Fund apportionment.

<sup>(2)</sup> Bond debt service levy only.

Source: California Municipal Statistics, Inc.

**Teeter Plan.** For counties that have approved its implementation, the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) authorized by Sections 4701 through 4717 of the State’s Revenue & Taxation Code guarantees distribution of all *ad valorem* taxes levied to the taxing entities within a county, with such county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections. The purpose of utilizing the Teeter Plan is to simplify the tax-levying and tax-apportioning process and to provide increased flexibility to counties in the use of available cash resources.

The county cash position is protected by a special fund, known as the “Tax Loss Reserve Fund,” which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus 1% of that year’s tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the applicable county’s general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the related county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of such county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the related county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

While the Board of Supervisors of Alameda County and the Board of Supervisors of Contra Costa County have both approved implementation of the Teeter Plan, Alameda County does not apply the Teeter Plan to school

district general obligation bond tax levies. Consequently, for taxes levied in Alameda County to pay debt service in the Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied. As long as the Teeter Plan remains in effect in Contra Costa County, the District will be credited with the full amount of the Contra Costa County tax levy no matter the delinquency rate within the District.

### **Direct and Overlapping Debt**

Set forth in the following table is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. for debt issued as of September 1, 2021. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**

[To come]

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(1) Excludes the Bonds but includes the Refunded Bonds to be refunded.

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

*Source:* California Municipal Statistics, Inc.

## TAX MATTERS

### Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt 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. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of each of the proposed forms of opinion of Bond Counsel are set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, 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 Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial 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 Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether 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 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and 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 Tax-Exempt Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences

depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. 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 Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

## **Taxable Bonds**

In the opinion of 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 Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed forms of opinion of Bond Counsel are contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not

consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

## **U.S. Holders**

**Interest.** Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

**Sale or Other Taxable Disposition of the Taxable Bonds.** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

**Defeasance of the Taxable Bonds.** If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder’s adjusted U.S. federal income tax basis in the Taxable Bond.

**Information Reporting and Backup Withholding.** Payments on the Taxable 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 U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to “reportable payments,” which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable 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 the U.S. Holder’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder’s failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **Non-U.S. Holders**

**Interest.** Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders,” payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code, and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

**Disposition of the Taxable Bonds.** Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

**Information Reporting and Backup Withholding.** Subject to the discussion below under the heading “Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders,” under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

### **Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners

or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

## **OTHER LEGAL MATTERS**

### **Possible Limitations on Remedies**

**General.** Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the “State Superintendent”), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the Counties (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the Counties and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

**Limitations on Plans of Adjustments.** Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District’s general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District’s share of the 1% limited tax imposed by the Counties is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax

revenue in excess of the District's share of the 1% limited Counties tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

**Statutory Lien.** Pursuant to Senate Bill 222, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless such taxes are "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

**Special Revenues.** If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or Alameda County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

**Possession of Tax Revenues; Remedies.** If the District goes into bankruptcy and the District or Alameda County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or Alameda County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if Alameda County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

**Risk of Investment Losses.** Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Treasurer may invest the *ad valorem* tax revenues in the Alameda County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

**Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights.** The proposed forms of opinion of Bond Counsel, attached hereto as Appendix C, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

## **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of each proposed form of Bond Counsel opinion are set forth in APPENDIX C – “PROPOSED FORMS OF OPINION OF BOND COUNSEL.” Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **Legality for Investment in California**

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

## **Continuing Disclosure**

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for the 2020-21 fiscal year (which is due no later than April 1, 2022) and to provide notice of the occurrence of certain enumerated events in a timely manner not in excess of ten business days after the occurrence of the event. The Annual Report and notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”). The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in APPENDIX D – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

[Within the past five years, the District believes that it has not failed to comply in any material respect with its previous undertakings with regard to the Rule. The District has retained Isom Advisors, a Division of Urban Futures, Inc. to serve as dissemination agent to assist with compliance.]

## **No Litigation**

[No litigation is pending or threatened concerning the validity of the Bonds, or the District’s ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District’s ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District or Alameda County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Bonds.

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

## **ESCROW VERIFICATION**

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any effort to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

## **MISCELLANEOUS**

### **Risks Related to COVID-19**

The outbreak of the novel strain of coronavirus called COVID-19, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have experienced significant volatility that has been attributed to coronavirus concerns. The United States Centers for Disease Control and Prevention and the California Department of Public Health have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, 2020, then President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State have temporarily closed some or all school campuses in response to local and state directives or guidance, including the District.

On March 27, 2020, the U.S. House of Representatives approved and then President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act appropriates \$30 billion to education, of which \$3 billion is allocated to state governors to be used at their discretion to address the emergency, \$13.5 billion is allocated for K-12 education, and \$14.25 billion is allocated for postsecondary institutions. The District is authorized to receive \$[\_.] million in funds under the CARES Act, which funds were received by [DATE], 50% of which will be directed to pay qualifying students for costs relating to their technology, housing, and loss of income due to COVID-19, and 50% of which will be used by the District for expenses incurred in transitioning to online instruction.

On December 27, 2020, the United States Congress approved and then President Trump signed into law the Consolidated Appropriations Act, 2021 ("HR 133"), which includes a \$900 billion COVID-19 relief package. HR 133 provides \$81.9 billion to education, specifically \$4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which \$2.75 billion is reserved for private K-12 education, \$54.3 billion for K-12 education, \$22.7 billion for postsecondary institutions, and \$819 million for outlying areas and Bureau of Indian Affairs schools. School districts will be able to use their share of the \$54.3 billion K-12 education allocation under HR 133, which will be based on the proportion of Title I funding received for the most recent fiscal year, for purposes authorized by federal law and other specified uses. The District is authorized to receive \$[\_.] million in funds under HR 133, which funds are expected to be received presently.

On March 10, 2021, the United States Congress approved the American Rescue Plan Act of 2021 ("HR 1319"), a \$1.9 trillion COVID-19 relief package which is expected to be signed into law by President Biden. HR 1319 provides \$168 billion to education, specifically \$126 billion for K-12 schools, the allocation of which will be based on the proportion of Title I funding received for the most recent fiscal year, \$40 billion to support higher education institutions, and \$2.75 billion allocated to state governors to be used for private K-12 education. [The District cannot predict the amount of funding it may receive from HR 1319 or the timing of receipt of such funds.]

This situation, and the guidance from federal, State, and local officials in response to the outbreak, is rapidly developing, and the District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what impact the COVID-19 outbreak, or responses by federal, State or local governments thereto, might have on the amount of funding the District receives from the State, or on the District's average daily attendance, which is a factor in determining the District's State apportionment.

On August 28, 2020, the Governor released a revised system of guidelines for reopening – Blueprint for a Safer Economy (“Blueprint”). Blueprint assigns each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow – in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must remain in a tier for at least three weeks before advancing to the next one. To move forward, a county must meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fall into different tiers, the county remains in the stricter tier. Schools can reopen for limited in-person instruction once their county has been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. Implementation of the Blueprint as part of a phased reopening will depend on local conditions, including the level of COVID-19 infections and hospitalization rates for a minimum of 14 days, testing resources of the District and County, and preparedness of the County's healthcare system. Counties in the red tier can reopen schools if they remain in the red tier for at least 14 days. As of the date hereof, the County was assigned to the orange tier. In addition to the four-tier classification system, on December 3, 2020, the Governor announced Regional Stay at Home Orders for four regions in the State. Under the Regional Stay at Home Orders, a county must enforce even stricter rules if hospital intensive care unit capacity drops below 15%. Southern California was subject to the Regional Stay at Home Order until January 25, 2021. Counties returned to their appropriate color-coded tiers under the Blueprint until the State officially reopened on June 15, 2021.

On March 5, 2021, the Governor signed into law Assembly Bill 86 (“AB 86”), providing \$6.6 billion in State funding relating to COVID-19 relief, including \$2 billion in incentives to expedite reopening schools and \$4.6 billion to address the COVID-19 pandemic's impact on learning. The majority of such funding will be apportioned through the Local Control Funding Formula. AB 86 provides, in part, in-person instruction grants to incentivize schools to offer in-person instruction. The \$2 billion in incentives are to be utilized by school districts to reopen schools for in-person instruction for its most high-needs students. The \$4.6 billion of funding may be utilized by school districts, between summer 2021 and September 30, 2022, if they have returned for in-person instruction, and such funds may be applied toward costs of extending instructional time, accelerated learning through tutoring, community learning hubs, and social/emotional support. School districts that submitted safety plans by March 15, 2021, can operate under the terms negotiated. After March 15, 2021, school districts must adhere to stricter State public health safety guidelines. After April 15, 2021, school districts located in counties in the red tier must offer in-person instruction to students in kindergarten through grade 6. AB 86 also requires county departments of public health to make COVID-19 vaccinations available to employees at schools offering in-person instruction. The District will receive approximately \$[\_.] million in funds under AB 86, which funds are expected to be received presently.

California fully reopened the economy on June 15, 2021. Businesses and activities can return to normal, except for certain “mega events” (5,000 people indoors or 10,000 outdoors). Capacity limits and social distancing requirements end in most cases. The District cannot provide any assurance that under certain circumstances, additional State measures may be put back into place or updated California Department of Public Health Orders may be issued due to variants, a significant increase in the number of COVID-19 cases, updated guidance by the Centers for Disease Control and Prevention, or other factors.

**[School Re-opening for In-Person Instruction.** The District closed for in-person instruction in March 2020. Commencing March 22, 2021, the District reopened classrooms for in-person instruction to students who wished to return to campus for an onsite/online hybrid instructional model. The onsite portion of the hybrid model provides students with up to five days of onsite instruction for a portion of each of those days. For the remainder of each school day/week, students in the hybrid model worked independently via distance learning on lessons provided by their teachers. Students receiving special education services will receive the services outlined in their individualized

education plan in both the onsite/online hybrid and the online only instructional models. The District is operating the 2021-22 school year in-person.]

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic situation, or governmental responses thereto, might have on the District's financial condition or operations, disruption of the regional and local economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, potential increases in property tax delinquencies, and decreases in new home sales and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the CalSTRS Defined Benefit Program and CalPERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT – FINANCIAL AND OPERATING INFORMATION – Retirement Benefits." Notwithstanding the impacts the coronavirus may have on the global and national economy, the economy in the State and the District, or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. Although the Bonds are payable solely from *ad valorem* property taxes and not from the general fund of the District, the District cannot predict what future impacts the outbreak may have on its operations and budget.

The District is currently receiving guidance on the coronavirus from Alameda County and Contra Costa County health officials and the Alameda County Superintendent of Schools, which is monitoring the coronavirus situation in accordance with coronavirus guidelines for schools published by the Centers for Disease Control and Prevention.

### **Rating**

The Bonds have been assigned the rating of "[\_\_\_\_]" by Moody's Investors Service ("Moody's"), without regard to any policy of municipal bond insurance. Rating agencies generally base their ratings on their own investigations, studies, and assumptions. The District has provided certain additional information and materials to such rating agency (some of which does not appear in this Official Statement). The rating reflects only the views of the rating agency and any explanation of the significance of such rating may be obtained only from the rating agency. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

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

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Isom Advisors, a Division of Urban Futures, Inc., is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kutak Rock LLP is acting as Underwriters' Counsel with respect to the Bonds, and will receive compensation from the Underwriters (defined below) contingent upon the sale and delivery of the Bonds.

### **Underwriting**

**Series 2021 Bonds.** The Series 2021 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as representative (the "Representative") on behalf of itself and RBC Capital Markets, LLC ("RBC" and, together with the Representative, the "Underwriters") pursuant to a bond purchase agreement (the "Series 2021 Bond Purchase Agreement") by and between the District and the Representative, dated \_\_\_\_\_, 2021, at a price of \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ aggregate principal amount of the Series 2021 Bonds, plus [net] original issue premium of \$\_\_\_\_\_ and less \$\_\_\_\_\_ Underwriters' discount). Pursuant to the Series 2021 Bond Purchase Agreement, the Underwriters will purchase all of the Series 2021 Bonds if any are purchased,

the obligation of the Underwriters to purchase the Series 2021 Bonds being subject to certain terms and conditions to be satisfied by the District.

**Refunding Bonds.** The Refunding Bonds are being purchased by the Representative on behalf of the Underwriters pursuant to a bond purchase agreement, dated (the “Refunding Bond Purchase Agreement”) by and between the District and the Representative, dated \_\_\_\_\_, 2021, at a price of \$\_\_\_\_\_ (which represents the aggregate principal amount of the Refunding Bonds, [plus/less] \$\_\_\_\_\_ [net] original issue [premium/discount] and less \$\_\_\_\_\_ Underwriters’ discount). Pursuant to the Refunding Bond Purchase Agreement, the Underwriters will purchase all of the Refunding Bonds if any are purchased, the obligation of the Underwriters to purchase the Refunding Bonds being subject to certain terms and conditions to be satisfied by the District.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

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**Additional Information**

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Superintendent, 685 East Jack London Boulevard, Livermore, California 94551. The District may impose a charge for copying, handling and mailing such requested documents.

\* \* \*

The preparation, execution and distribution of this Official Statement have been duly authorized and approved by the Board of Education of the District.

**LIVERMORE VALLEY  
JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Kelly Bowers, Ed.D.  
Superintendent

## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

### THE DISTRICT

#### Introduction

The District includes approximately 250 square miles in Alameda County ("Alameda County") and 22 square miles in Contra Costa County ("Contra Costa County"). The District provides education services to the residents of the City of Livermore (the "City") and unincorporated portions of Alameda County and Contra Costa County. The District has a budgeted enrollment of 13,600 students during fiscal year 2021-22 in nine elementary schools, two K-8 schools, three middle schools, two high schools, two alternative schools and one adult school. The District's enrollment is subject to change due to, among other things, student transfers to and from other school districts. For fiscal year 2021-22, the District has budgeted for approximately 1,217.6 full time equivalent (FTE) employees, including 710.0 FTE certificated (credentialed teaching) staff, 428.0 FTE classified (non-teaching) staff and 79.6 management, supervisor and confidential FTE personnel. The District has budgeted general fund revenues of approximately \$158.7 million and general fund expenditures of approximately \$163.8 million for fiscal year 2021-22. Total assessed valuation of taxable property in the District's boundaries in fiscal year 2021-22 is approximately \$[\_.] billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District's Board of Education (the "Board of Education") governs all activities related to public education within the District's jurisdiction. The Board of Education receives funding from local, State and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board of Education consists of five members. Each Board of Education member is elected by the public for a four-year term of office and elections for the Board of Education are held every two years. The Board of Education has major decision-making authority, the power to designate management, the responsibility to significantly influence operations and is accountable for all fiscal matters relating to the District. The Superintendent of the District is appointed by and reports to the Board of Education. The Superintendent is responsible for managing the District's day-to-day operations and supervising the work of other key District administrators. Kelly Bowers, Ed.D., has served as Superintendent for the District since 2010.

### DISTRICT FINANCIAL MATTERS

#### State Funding of Education; State Budget Process

**General.** As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 45.2% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), budgeted at approximately \$71.7 million in fiscal year 2021-22. Such amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see "– Allocation of State Funding to School District; Local Control Funding Formula" and "– Other District Revenues – Other State Revenues")

below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "- Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement would also apply to trailer bills that appropriate funds and are identified by the State Legislature as "related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2021-22 State budget on July 12, 2021.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

**Aggregate State Education Funding.** The Proposition 98 guaranteed amount for 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 funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as “maintenance factor.”

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

In the past, the State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years’ Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution’s definition of the guaranteed amount and settle-up requirement under certain circumstances.

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The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year’s budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.” An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

***Rainy Day Fund; SB 858.*** In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments (“Proposition 2”) to the rainy day fund (the “Rainy Day Fund”) for the November 2014 Statewide election. Senate Bill 858 (2014) (“SB 858”) amends the Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters, and Senate Bill 751 (“SB 751”), enacted on October 11, 2017, altered the reserve requirements imposed by SB 858. Upon the approval of Proposition 2, SB 858 became operational. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2.”

**AB 1469.** As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for the California State Teachers’ Retirement System (“CalSTRS”), increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See “– Retirement Benefits – CalSTRS” below for more information about CalSTRS and AB 1469.

**2021-22 State Budget.** The Governor signed the fiscal year 2021-22 State Budget (the “2021-22 State Budget”) on July 12, 2021, which reflects the State’s strong fiscal position as economic recovery from the COVID-19 pandemic is underway. To aid recovery while avoiding overcommitting to ongoing programs, the 2021-22 State Budget prioritizes one-time spending over ongoing spending by allocating 85% of discretionary funds to one-time spending. The 2021-22 State Budget’s multi-year forecast reflects a budget roughly in balance; however, risks to the economic forecast remain, including a decline in the stock market, which would significantly reduce State revenues. The 2021-22 State Budget acknowledges such risks and includes a phase-in of certain investments that can be adjusted annually through the budget process.

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

The 2021-22 State Budget allocates resources to continue to pay down the State’s long-term retirement liabilities, with \$3.4 billion in payments required by Proposition 2 in fiscal year 2021-22, plus \$7.9 billion in additional payments over the next three years. The improved revenue forecast also allows for the 2021-22 State Budget to eliminate \$2.0 billion in program suspensions enacted in prior budgets. The 2021-22 State Budget also completely pays off Proposition 98 deferrals that were implemented in fiscal year 2020-21 as a strategy to avoid reductions to school spending. By paying off Proposition 98 deferrals, the 2021-22 State Budget provides greater cash flow stability to school districts, which may alleviate the need for school districts to continue borrowing funds to support programmatic needs. The 2021-22 State Budget projects that the State will be below its appropriations limit (referred to as the “Gann Limit”) for fiscal years 2020-21 and 2021-22, based in part on statutory changes enacted as part of the 2021-22 State Budget that more accurately account for selected expenditures under both State and local limits and revised the level of excluded spending. The State’s estimate of its appropriations for fiscal years 2020-21 and 2021-22 will continue to be revised until May 2023.

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

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

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

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The 2021-22 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund between fiscal years 2020-21 and 2021-22 for a total account balance of \$4.5 billion at the end of fiscal year 2021-22. The balance of \$4.5 billion in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23.
- Local Control Funding Formula. The 2021-22 State Budget includes a LCFF cost-of-living adjustment of 4.05%, representing a fiscal year 2020-21 cost-of-living adjustment of 2.31% and a fiscal year 2021-22 cost-of-living adjustment of 1.7%. The 2021-22 State Budget also includes \$520 million in Proposition 98 general fund resources to provide a 1% increase in LCFF base funding. This discretionary increase, together with the compounded cost-of-living adjustment, results in growth in the LCFF of 5.07% above the fiscal year 2020-21 levels.
- Deferrals. Recession-driven revenue reductions anticipated at the fiscal year 2020-21 State budget drove the need to defer LCFF apportionments in the amounts of \$1.9 billion in fiscal year 2019-20, and growing to more than \$11 billion in fiscal year 2020-21. As noted above, the 2021-22 State Budget eliminates all K-12 deferrals in fiscal year 2021-22.
- In-Person Instruction and Independent Study. The 2021-22 State Budget requires that all school districts return to full-time in-person instruction for the 2021-22 school year. In-person instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. To give families a non-classroom based instruction option, and to provide local educational agencies with an option to generate State funding by serving students outside the classroom, the 2021-22 State Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the State's existing independent study programs.
- Expanded Learning Time. The 2021-22 State Budget includes an initial \$1.8 billion investment of Proposition 98 general fund resources as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Local educational agencies with the highest concentrations of such students will receive a higher funding rate, and such agencies will be required to offer expanded learning opportunities to the students generating the funds. The 2021-22 State Budget estimates that the Proposition 98 general fund costs to implement this proposal will grow to \$5.0 billion by fiscal year 2025-26. Over the implementation period, per pupil funding will increase and more local educational agencies will be expected to expand access to all students.
- Universal Transitional Kindergarten. The 2021-22 State Budget includes a series of investments beginning in fiscal year 2022-23 to incrementally establish Statewide transitional kindergarten by fiscal year 2025-26. The costs of this plan are anticipated to be approximately \$600 million in general fund resources in fiscal year 2022-23, growing to \$2.7 billion in fiscal year 2025-26. In addition, the 2021-22 State Budget includes \$200 million of one-time Proposition 98 general fund resources to provide planning and implementation grants for all local educational agencies and \$100 million of one-time Proposition 98 general fund resources for local educational agencies to train and increase the number of early childhood educators. The 2021-22 State Budget also proposes new ongoing Proposition 98 general fund resources beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Finally, the 2021-22 State Budget includes \$130 million of Proposition 98 general fund resources for State preschool providers to meet the additional demands of providing wraparound care for their income-eligible students under the universal transitional kindergarten program, such funds to be used for additional student access, as well as increasing reimbursement rates to more closely reflect regional differences in the cost of providing care.
- Comprehensive Student Supports. The 2021-22 State Budget includes \$3.0 billion in Proposition 98 general fund resources, available over several years, to expand and strengthen the implementation and use of the community school model to all schools in communities with high levels of poverty. In addition, the 2021-22 State Budget includes an ongoing increase to the LCFF concentration grant of \$1.1 billion in Proposition

98 general fund resources to increase the number of adults providing direct services to students on school campuses, and includes \$30 million in one-time Proposition 98 general fund resources for county offices of education to coordinate and provide services to youth in foster care. Finally, the 2021-22 State Budget provides \$547.5 million in one-time Proposition 98 general fund resources for the A-G Completion Improvement Grant Program, which will fund high schools to increase the number of students, particularly students eligible for free and/or reduced price meals, English learners, and foster youth, who graduate from high school having completed the A-G series of classes required for admission to the California State University and the University of California.

- Educator Preparation, Retention, and Training. To further expand the State’s educator preparation and training infrastructure, including to meet the need for additional early childhood educators, the 2021-22 State Budget provides approximately \$2.9 billion to support educator initiatives, including approximately \$1.0 billion in one-time Proposition 98 general fund resources for educator preparation and approximately \$1.9 billion in one-time Proposition 98 general fund resources for educator retention and training.
- Nutrition. The 2021-22 State Budget provides an additional \$54 million in Proposition 98 general fund resources to reimburse all meals served to students, including for those who would not normally qualify for reimbursement under the State meal program. Beginning in fiscal year 2022-23, all schools will be required to provide two free meals per day to any student who requests a meal, regardless of income eligibility, and all schools eligible for the federal universal meals provision will be required to apply for the program by June 30, 2022 to reduce volatility in costs to the State and to ensure the State is not responsible for costs reimbursable at the federal level. The 2021-22 State Budget estimates costs of \$650 million in Proposition 98 general fund resources annually to cover any remaining unreimbursed costs up to the federal free per-meal rate. In addition, the 2021-22 State Budget provides \$150 million in one-time Proposition 98 general fund resources for school districts to provide school kitchen infrastructure and equipment upgrades and training for food service employees.
- Special Education. The 2021-22 State Budget includes the following for special education programs: approximately \$465 million in one-time Proposition 98 general fund resources for local education agencies to provide learning recovery support for students with disabilities and to improve delivery of inclusive practices; approximately \$396.9 million in one-time Proposition 98 general fund resources to increase the Statewide base rate for special education funding; approximately \$297 million in federal Individuals with Disabilities Education Act funds to support special education programs; approximately \$260 million in ongoing Proposition 98 general fund resources to support early intervention services for preschool-aged children; approximately \$186.1 million in ongoing Proposition 98 general fund resources to provide a 4.05% cost-of-living adjustment for State special education funding; and approximately \$100 million in Proposition 98 general fund resources for alternative dispute resolution of special education services complaints.
- Career Technical Education. The 2021-22 State Budget includes an increase of \$150 million in ongoing Proposition 98 general fund resources to augment opportunities for local educational agencies to participate in the Career Technical Education Incentive Grant Program, as well as an increase of \$86.4 million in one-time Proposition 98 general fund resources for career technical education regional occupational centers or programs operated by a joint powers authority to address costs associated with the COVID-19 pandemic.

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

***Future Budgets and Budgetary Actions.*** The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District’s ability to predict or control, including but not limited to the COVID-19 pandemic. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State’s ability to fund schools during the current fiscal year and in future fiscal years.

Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from ad valorem property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

***Prohibitions on Diverting Local Revenues for State Purposes.*** Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund (“ERAF”) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State’s voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as “Proposition 22.”

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “– *Dissolution of Redevelopment Agencies*” below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

***Dissolution of Redevelopment Agencies.*** The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, 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 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. Certain provisions of AB1X 26 are described further below.

In July 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*). 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 described below take into account the modifications made by the Court in *Matosantos*.

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 its successor agency and,



unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

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. 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. 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 will instead be 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 (now each January 2 and June 1 pursuant to AB 1484, as described below) 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.

The District received \$[\_\_\_\_\_] in pass-through payments in fiscal year 2020-21 and estimates receipt of \$[\_\_\_\_\_] in pass-through payments in fiscal year 2021-22.

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. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

## **Allocation of State Funding to School Districts; Local Control Funding Formula**

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the State Education Code, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State “equalization aid.” To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State’s contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as “basic aid districts,” which are now referred to as “community funded districts.” School districts that received some equalization aid were commonly referred to as “revenue limit districts,” which are now referred to as “LCFF districts.” The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant (“Base Grant”) per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2021-22, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$[\_\_\_\_\_] per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$[\_\_\_\_\_] per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$[\_\_\_\_\_] per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to \$[\_\_\_\_\_] per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local educational agency’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.
- An Economic Recovery Target (the “ERT”) that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

***Local Control Accountability Plans.*** A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan (“LCAP”). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to

eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

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**Attendance and Enrollment.** The following table sets forth the District’s actual A.D.A. and enrollment for fiscal years 2012-13 through 2019-20, estimated A.D.A. and enrollment for fiscal year 2020-21, and budgeted A.D.A. and enrollment for fiscal year 2021-22 for grades K-12. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education, regional occupation program and charter school attendance.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Average Daily Attendance, Enrollment**  
**Fiscal Years 2012-13 through 2021-22**

Fiscal Year	Average Daily Attendance <sup>(1)</sup>	Enrollment <sup>(2)</sup>
2012-13	12,227	12,681
2013-14	12,086	12,539
2014-15	12,091	12,540
2015-16	12,043	12,519
2016-17	12,685	13,359
2017-18	13,248	13,727
2018-19	13,163	13,738
2019-20	13,195	13,722
2020-21 <sup>(3)</sup>	12,980	13,304
2021-22 <sup>(4)</sup>	13,195	13,600

<sup>(1)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year. Figures reflect total District P-2 A.D.A. with the exception of Adult Education and Regional Occupation Program.

<sup>(2)</sup> Reflects enrollment as of October report submitted to the California Basic Educational Data System (“CBED”) in each school year.

<sup>(3)</sup> Estimated, as set forth in the District’s Adopted Budget for fiscal year 2021-22.

<sup>(4)</sup> Reflects projections set forth in the District’s Adopted Budget for fiscal year 2021-22.

Source: The District.

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**Attendance and LCFF.** The following table sets forth the District’s estimated and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “EL/LI Students”), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2021-22, respectively. The State reached full funding of the Base Grant in fiscal year 2018-19. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education, regional occupation program and charter school attendance.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
(Alameda and Contra Costa Counties, California)  
Average Daily Attendance, Enrollment and Targeted Base Grant  
Fiscal Years 2013-14 through 2021-22**

Fiscal Year		A.D.A./Base Grant				Enrollment <sup>(12)</sup>		
		K-3	4-6	7-8	9-12	Total A.D.A. <sup>(2)</sup>	Total Enrollment	Unduplicated Percentage of EL/LI Students
2013-14	A.D.A. <sup>(2)</sup>	3,704	2,710	1,774	4,040	12,228	12,539	28.94%
	Targeted Base Grant <sup>(3)</sup>	\$6,952	\$7,056	\$7,266	\$8,419	-	-	-
2014-15	A.D.A. <sup>(2)</sup>	3,700	2,689	1,835	3,860	12,084	12,550	30.34%
	Targeted Base Grant <sup>(3)(4)</sup>	\$7,011	\$7,116	\$7,328	\$8,491	-	-	-
2015-16	A.D.A. <sup>(2)</sup>	3,701	2,690	1,835	3,862	12,088	12,519	29.66%
	Targeted Base Grant <sup>(3)(5)</sup>	\$7,083	\$7,189	\$7,403	\$8,578	-	-	-
2016-17	A.D.A. <sup>(2)</sup>	3,816	2,895	1,923	4,051	12,626	13,359	28.88%
	Targeted Base Grant <sup>(3)(6)</sup>	\$7,083	\$7,189	\$7,403	\$8,578	-	-	-
2017-18	A.D.A. <sup>(2)</sup>	4,031	3,029	1,927	4,261	13,248	13,727	28.33%
	Targeted Base Grant <sup>(3)(7)</sup>	\$7,193	\$7,301	\$7,518	\$8,712	-	-	-
2018-19	A.D.A. <sup>(2)</sup>	4,080	2,890	2,029	4,165	13,163	13,738	[28.10]%
	Targeted Base Grant <sup>(3)(8)</sup>	\$7,459	\$7,571	\$7,796	\$9,034	-	-	-
2019-20	A.D.A. <sup>(2)</sup>	4,100	2,840	2,062	4,193	13,195	13,722	[27.98]%
	Targeted Base Grant <sup>(3)(9)</sup>	\$7,702	\$7,818	\$8,050	\$9,329	-	-	-
2020-21	A.D.A. <sup>(2)</sup>	[_____]	[_____]	[_____]	[_____]	12,980	13,304	[_____]%
	Targeted Base Grant <sup>(3)(10)</sup>	[\$_____]	[\$_____]	[\$_____]	[\$_____]	-	-	-
2021-22 <sup>(1)</sup>	A.D.A. <sup>(2)</sup>	[_____]	[_____]	[_____]	[_____]	13,195	13,600	[_____]%
	Targeted Base Grant <sup>(3)(11)</sup>	[\$_____]	[\$_____]	[\$_____]	[\$_____]	-	-	-

<sup>(1)</sup> Figures are projections.

<sup>(2)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year.

<sup>(3)</sup> Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded until fiscal year 2018-19.

<sup>(4)</sup> Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

<sup>(5)</sup> Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

<sup>(6)</sup> Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

<sup>(7)</sup> Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

<sup>(8)</sup> Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.

<sup>(9)</sup> Targeted fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

<sup>(10)</sup> Targeted fiscal year 2020-21 Base Grant amounts reflect a 0.0% cost of living adjustment from targeted fiscal year 2019-20 Base Grant amounts.

<sup>(11)</sup> Targeted fiscal year 2021-22 Base Grant amount reflects a 4.05% cost-of-living adjustment from targeted fiscal year 2020-21 Base Grant amounts.

<sup>(12)</sup> Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration

Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, the percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

*Source:* The District.

The District estimates it received approximately \$122.1 million in aggregate revenues allocated under the LCFF in fiscal year 2021-22, and has budgeted to receive approximately \$128.2 million in aggregate revenues under the LCFF in fiscal year 2021-22 (or approximately 80.8% of its general fund revenues in fiscal year 2021-22). Such amount includes an estimated \$[.] million in supplemental grants in fiscal year 2020-21 and budgeted approximately \$[.] million in fiscal year 2021-22. The District does not receive concentration grants.

## **Local Sources of Education Funding**

**General.** The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 et seq. and Sections 95 et seq. of the State Revenue and Taxation Code. Section 42238(h) of the State Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" above for more information about the LCFF.

Local property tax revenues are estimated to account for approximately 39.3% of the District's total general fund revenues in fiscal year 2020-21, and are projected to be approximately \$68.3 million, or 43.1% of total general fund revenues in fiscal year 2021-22.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

**Effect of Changes in Enrollment.** Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2021-22 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

### **Other District Revenues**

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, are budgeted to comprise approximately 2.9% (or approximately \$4.6 million) of the District's general fund budgeted revenues for fiscal year 2021-22.

**Other State Revenues.** In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which are budgeted to comprise approximately 7.5% (or approximately \$11.9 million) of the District's general fund budgeted revenues for fiscal year 2021-22. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at \$2.7 million for fiscal year 2021-22.

**Other Local Revenues.** In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as a parcel tax, interest earnings and other local sources. Other local revenues are budgeted to comprise approximately 8.9% (or approximately \$14.0 million) of the District's general fund budgeted revenues for fiscal year 2021-22.

**Parcel Tax.** On June 3, 2014, voters within the District approved the continuation through June 30, 2022 of a tax to be levied at \$138 per parcel. [Include information on any plans to renew parcel tax.] In fiscal year 2021-22, the District has budgeted to receive approximately \$4.0 million in parcel tax revenues. The parcel tax revenues are used for various District needs, including providing advanced courses in science, technology, engineering, and math (STEM), attracting and retaining highly qualified teachers (lower class sizes), providing elementary school science and technology specialists, keeping schools safe and well-maintained, and maintaining up-to-date instructional materials and comprehensive curricular programs. Pursuant to the parcel taxes authorization, an oversight committee is charged with reviewing how the revenues are spent. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" and "– Article XIIC and Article XIID of the State Constitution."

### **Significant Accounting Policies and Audited Financial Reports**

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in the District's audited financial statements for the fiscal year ended June 30, 2020, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's independent auditor, Nigro & Nigro, PC, Certified Public Accountants, Murrieta, California, for fiscal years 2015-16 through 2019-20.

Nigro & Nigro, PC, Certified Public Accountants, have not been requested to consent to the use or to the inclusion of their reports in this Official Statement, and they have not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2015-16 through 2019-20.



**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**Fiscal Years 2015-16 through 2019-20<sup>(1)(2)</sup>**

	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals <sup>(4)</sup>	2019-20 Actuals
<b>REVENUES</b>					
LCFF Sources	\$95,280,413	\$104,301,401	\$111,209,515	\$118,905,654	\$122,170,725
Federal Revenue	4,999,344	4,414,494	4,969,085	5,587,596	4,734,839
Other State Revenue	16,870,106	13,613,619	14,154,891	22,690,946	15,009,574
Other Local Revenue	13,318,556	13,576,855	16,635,283	15,680,680	17,873,988
<b>TOTAL REVENUES<sup>(2)</sup></b>	<u>\$130,468,419</u>	<u>\$135,906,369</u>	<u>\$146,968,774</u>	<u>\$162,864,876</u>	<u>\$159,789,126</u>
<b>EXPENDITURES</b>					
Certificated Salaries	\$56,817,616	\$60,817,726	\$65,782,152	\$69,098,610	\$70,329,463
Classified Salaries	19,867,142	20,847,420	22,794,563	24,738,436	25,097,201
Employee Benefits	27,596,981	30,692,646	34,157,798	42,881,289	41,856,961
Books and Supplies	3,948,977	6,194,021	5,168,801	8,256,752	4,074,967
Services, Other Operating Expenditures	15,000,771	15,270,311	17,035,030	19,000,231	16,620,507
Transfers of Indirect Costs	(128,833)	(102,559)	(197,758)	(143,040)	1,794,549
Capital Outlay	664,536	72,242	22,637	471,026	167,339
Intergovernmental	1,662,865	1,586,659	1,459,344	1,737,325	(138,056)
Debt Service	223,087	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>\$125,653,142</u>	<u>\$135,378,466</u>	<u>\$146,222,567</u>	<u>\$166,040,629</u>	<u>\$159,802,931</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$4,815,277</u>	<u>\$527,903</u>	<u>\$746,207</u>	<u>\$(3,175,753)</u>	<u>\$(13,805)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In <sup>(3)</sup>	\$ 12,875	\$2,112,792	\$1,412,342	\$627,583	\$ 13,183
Interfund Transfers Out	--	--	--	(25,000)	(778,262)
Proceeds from Capital Leases	411,506	--	--	--	--
<b>TOTAL, OTHER FINANCING SOURCES (USES)</b>	<u>\$424,381</u>	<u>\$2,112,792</u>	<u>\$1,412,342</u>	<u>\$602,583</u>	<u>\$(765,079)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$5,239,658</u>	<u>\$666,229</u>	<u>\$2,158,549</u>	<u>\$(2,573,170)</u>	<u>\$(778,884)</u>
<b>BEGINNING BALANCE</b>	<u>\$5,779,576</u>	<u>\$5,113,347</u>	<u>\$11,561,177</u>	<u>\$13,719,726</u>	<u>\$12,433,319<sup>(5)</sup></u>
<b>ENDING BALANCE</b>	<u>\$11,019,234</u>	<u>\$5,779,576</u>	<u>\$13,719,726</u>	<u>\$11,146,556<sup>(5)</sup></u>	<u>\$11,654,435</u>

<sup>(1)</sup> The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and Special Reserve Fund For Postemployment Benefits, in accordance with the fund type definitions promulgated by Governmental Accounting Standards Board Statement Number 54.

<sup>(2)</sup> Totals may not add due to rounding.

<sup>(3)</sup> Interfund transfers in were comprised of proceeds from sale of site used for purchase of textbooks, transfers from the OPEB Plan (defined herein) to cover competitive compensation adjustment, and retiree trust transfers in fiscal year 2013-14. Interfund transfers in were comprised of transfers from the OPEB Plan (defined herein) to cover competitive compensation adjustment, and retiree trust transfers in fiscal year 2017-18. Interfund transfers in were comprised of retiree trust transfers in fiscal years 2015-16 and 2016-17.

<sup>(4)</sup> Actual amounts reported for fiscal year 2018-19 include an additional \$4,329,562 recorded as State revenue and employee benefits expenditures for the CalSTRS on-behalf contributions, but which were not included in the budget.

<sup>(5)</sup> [Explanation for difference between fiscal year 2018-19 ending balance and fiscal year 2019-20 beginning balance].

Source: District Audited Financial Reports for fiscal years 2015-16 through 2019-20.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2020-21 and 2021-22 and estimated actuals for fiscal year 2020-21. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Budgeted General Fund Summary for Fiscal Year 2020-21 and 2021-22**  
**and Estimated Actuals for Fiscal Year 2020-21<sup>(1)</sup>**

[Unaudited Actuals to come]

	2020-21 Budgeted <sup>(2)</sup>	2020-21 Estimated Actuals <sup>(3)</sup>	2021-22 Budgeted <sup>(3)</sup>
<b>REVENUES</b>			
LCFF Sources	\$114,328,612	\$122,092,014	\$128,158,293
Federal Revenue	4,566,558	16,017,807	4,622,507
Other State Revenue	10,614,848	20,579,688	11,896,588
Other Local Revenue	14,496,768	15,425,694	13,996,052
<b>TOTAL</b>	<b>\$144,006,786</b>	<b>\$174,115,203</b>	<b>\$158,673,440</b>
<b>EXPENDITURES</b>			
Certificated Salaries	\$66,189,419	\$74,231,663	\$73,254,787
Classified Salaries	24,524,702	25,589,584	25,988,466
Employee Benefits	37,442,141	39,535,086	41,270,009
Books and Supplies	3,128,048	12,521,946	4,986,482
Services/Other Operating Expenditures	14,297,743	18,216,105	16,530,117
Other Outgo - Transfers of Indirect Costs	(126,987)	(143,752)	(123,780)
Other Outgo (excluding Transfers of Indirect Costs)	1,813,926	1,800,467	1,854,946
Capital Outlay	--	518,009	--
<b>TOTAL</b>	<b>\$147,268,992</b>	<b>\$172,269,108</b>	<b>\$163,761,027</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$(3,262,206)</b>	<b>\$1,846,095</b>	<b>\$(5,087,587)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$13,263	\$ 13,263	\$13,463
Transfers Out	-	(1,296,973)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$13,263</b>	<b>\$(1,283,710)</b>	<b>\$13,463</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$(3,248,943)</b>	<b>\$562,385</b>	<b>\$(5,074,124)</b>
<b>Fund Balance – Beginning</b>	<b>\$7,879,140</b>	<b>\$11,654,435</b>	<b>\$12,216,820</b>
<b>Fund Balance – Ending</b>	<b>\$4,630,197</b>	<b>\$12,216,820</b>	<b>\$7,142,696</b>

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

<sup>(2)</sup> Adopted budget for fiscal year 2020-21, approved as of June 23, 2020.

<sup>(3)</sup> Adopted budget for fiscal year 2021-22, approved as of June 29, 2021. The adopted budget does not include expected revenues from HR 1319 or AB 86.

*Source:* The District.

### **District Budget Process and County Review**

State law requires school districts to adopt a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Alameda Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction may impose a budget and will report such school district to the State Legislature and the Department of Finance.

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

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

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et. seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified

certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

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

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

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

## **District Debt Structure**

**General Obligation Bonds.** On March 2, 1999, the voters in the District approved a bond proposition authorizing the issuance of \$150,000,000 in general obligation bonds. In connection therewith, the District issued its General Obligation Bonds, Election of 1999, Series 2000 (the "Series 2000 Bonds"), its General Obligation Bonds, Election of 1999, Series 2001 (the "Series 2001 Bonds"), its General Obligation Bonds, Election of 1999, Series 2002 (the "Series 2002 Bonds"), its General Obligation Bonds, Election of 1999, Series 2005 (the "Series 2005 Bonds") and its General Obligation Bonds, Election of 1999, Series 2006 (the "Series 2006 Bonds"). On June 7, 2016, the voters in the District approved a bond proposition authorizing the issuance of \$245,000,000 in general obligation bonds (the "2016 Authorization"). On October 13, 2016, the District issued its General Obligation Bonds, Election of 2016 (Measure J), Series 2016 (the "Series 2016 Bonds"). On August 14, 2019, the District issued its General Obligation Bonds, Election of 2016 (Measure J), Series 2019 (the "Series 2019 Bonds"). The Series 2021 Bonds will be the third issuance of bonds under the 2016 Authorization.

On May 4, 2010, the District issued its 2010 General Obligation Refunding Bonds (the "2010 Refunding Bonds") to refund a portion of the outstanding Series 2000 Bonds and the Series 2001 Bonds. On November 18, 2014, the District issued its 2014 General Obligation Bonds ("2014 Refunding Bonds") to refund all of its outstanding Series

2002 Bonds, Series 2005 Bonds and Series 2006 Bonds. On May 5, 2020, the District issued its 2020 General Obligation Refunding Bonds (Forward Delivery) (the “2020 Refunding Bonds”) to refund all of its outstanding 2010 Refunding Bonds.

The following table sets forth the District’s bonds that are outstanding as of September 1, 2021:

Bond	Issue Date	Amount of Original Issue	Principal Outstanding as of September 1, 2021
2014 Refunding Bonds*	11/18/2014	\$ 52,810,000	
Series 2016 Bonds	10/13/2016	82,000,000	
Series 2019 Bonds	08/14/2019	100,000,000	
2020 Refunding Bonds	05/05/2020	11,355,000	

\* Expected to be refunded in part by the Refunding Bonds.  
*Source:* Livermore Valley Joint Unified School District.

**Tax and Revenue Anticipation Notes.** Tax and revenue anticipation notes (TRANs) issued by the District are a general obligation of the District, payable from the general fund and any other lawfully available moneys. The District borrowed \$12,400,000 of TRANs as part of the California School Finance Authority’s State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals) 2021 Series A-2 (Federally Taxable), which notes mature on December 30, 2021. [The District has not and does not expect to issue tax and revenue anticipation notes (“TRANs”) in fiscal year 2021-22.] The District may issue tax and revenue anticipation notes in future fiscal years as and when necessary to supplement cash flow.

**Capital Leases.** The District leases equipment valued at \$371,954 under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year	Lease Payment
2020-21	\$83,944
2021-22	83,944
2022-23	35,779
2023-24	16,764
2024-25	<u>660</u>
Less Amount Representing Interest	<u>(18,692)</u>
Total	<u>\$202,399</u>

*Source:* District Audited Financial Report for the fiscal year ending June 30, 2020.

## Employment

For fiscal year 2021-22, the District has budgeted for approximately 1,217.6 full time equivalent (FTE) employees, including 710.0 FTE certificated (credentialed teaching) staff, 428.0 FTE classified (non-teaching) staff, and 79.6 management, supervisor and confidential FTE personnel. For fiscal year 2021-22, the total certificated and classified salaries from all funds are budgeted to be approximately \$73.3 million and \$26.0 million, respectively.

District employees are represented by employee bargaining units as follows:

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Labor Organizations**

Labor Organization	Employees Represented	Contract Expiration
Livermore Education Association (LEA)	[ ]	June 30, 20[ ]
California School Employee Association (CSEA)	[ ]	June 30, 20[ ]
Service Employee International Union (SEIU)	[ ]	June 30, 20[ ]
Livermore Management Association (LMA)	[ ]	N/A
Classified Management/ Confidential Employees	[ ]	N/A

*Source:* The District.

**Retirement Benefits**

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and the State Public Employees’ Retirement System (“CalPERS”), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

**CalSTRS.** The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Governor Brown signed into law Assembly Bill 1469 on June 24, 2014, as part of the fiscal year 2014-15 State budget (the “2014-15 State Budget”). The 2014-15 State Budget introduced phased increases to employee, employer and State contributions to CalSTRS and sets forth a plan to eliminate CalSTRS’ unfunded liability by June 30, 2046.

The 2014-15 State Budget increased employee contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. On July 1, 2018, the rate increased to 10.250% of pay for employees hired on or after January 1, 2013. Employer contribution rates were also increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. However, due to supplemental payments of approximately \$850 million pursuant to the 2019-20 State Budget, employer contribution rates decreased from 18.13% to 17.10% in fiscal year 2019-20 and 19.10% to 18.40% in fiscal year 2020-21. In addition, pursuant to the 2020-21 State Budget, employer contribution rates are expected to decrease from 18.40% to approximately 16.15% in fiscal year 2020-21 and from 17.10% to approximately 16.02% in fiscal year 2021-22 (see table below). The State’s total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.828% of payroll in fiscal year 2020-21. The State’s contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program. The District’s contribution rates in fiscal year 2021-22 and future fiscal years may be adjusted pursuant to the 2021-22 State Budget. See “– 2021-22 State Budget” above.

Pursuant to Assembly Bill 1469, school districts’ contribution rates will increase in accordance with the following schedule:

**District CalSTRS Contribution Rates**

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019	17.10 <sup>(1)</sup>
2020	16.15 <sup>(2)</sup>
2021	16.02 <sup>(2)</sup>

<sup>(1)</sup> Pursuant to the 2019-20 State Budget.

<sup>(2)</sup> Pursuant to the 2020-21 State Budget.

Source: Assembly Bill 1469.

The following table sets forth the District’s employer contributions to CalSTRS for fiscal years 2012-13 through 2019-20, the estimated contributed for fiscal year 2020-21 and the projected contribution for fiscal year 2021-22.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
(Alameda and Contra Costa Counties, California)  
Contributions to CalSTRS for Fiscal Years 2012-13 through 2021-22**

Fiscal Year	Contribution
2012-13	\$ 4,106,922
2013-14	4,247,268
2014-15	4,754,212
2015-16	6,101,023
2016-17	7,661,578
2017-18	9,493,757
2018-19	11,292,017
2019-20	11,837,452
2020-21 <sup>(1)</sup>	18,779,660
2021-22 <sup>(2)</sup>	19,312,774

<sup>(1)</sup> Estimated, includes on-behalf payments.

<sup>(2)</sup> Budgeted, includes on-behalf payments.

Source: The District.

The District’s total employer contributions to CalSTRS for fiscal years 2012-13 through 2019-20 were equal to 100% of the required contributions for each year. Pursuant to the 2014-15 State Budget, beginning in fiscal year 2021-22, the State Teachers Retirement Board is required to increase or decrease employer contribution rates to the rates designed to eliminate the CalSTRS unfunded liability by June 30, 2046. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. As the world is currently experiencing a pandemic, the District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See “MISCELLANEOUS – Risks Related to COVID-19.” However, under existing law, the State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers Retirement Board may also adjust the State’s contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability.

As of June 30, 2019, the actuarial valuation (the “2019 CalSTRS Actuarial Valuation”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$105.7 billion, a decrease of approximately \$1.5 billion from the June 30, 2018 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2019 and June 30, 2018, based on the actuarial assumptions, were approximately 66.0% and 64.0%, respectively. According to the 2019 CalSTRS Actuarial Valuation, the funded ratio increased by 2.0% during the past year and has decreased by approximately 12% over the past 10 years. As

described in the 2019 CalSTRS Actuarial Valuation, the additional State contribution and the return on the actuarial value of assets (7.7%) that exceeded the assumed return (7%) were the primary causes of the increase in the funded ratio from the prior year valuation. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2019 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2019 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPPRA (as defined herein). See “– California Public Employees’ Pension Reform Act of 2013” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

**CalPERS.** The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts’ contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District’s required contributions to CalPERS will not significantly increase in the future above current levels.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts’ contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See “MISCELLANEOUS – Risks Related to COVID-19” for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and originally 20.733% and 22.68% for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State’s buydown of employer contribution rates in fiscal year 2019-20. Similarly, the 2020-21 State Budget allocates funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.84%, respectively. The District’s contribution rates in fiscal year 2021-22 and future fiscal years may be adjusted pursuant to the 2021-22 State Budget. See “– 2021-22 State Budget” below.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2019 (the “2019 CalPERS Schools Pool Actuarial Valuation”) reported an actuarial accrued liability of \$99.5 billion with the market value of assets at \$68.2 billion, and a funded status of 68.5%. The funded status as of June 30, 2019 does not reflect the State’s additional payment of \$660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. The actuarial funding method used in the 2019 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.” The 2019 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.50% inflation and payroll growth of 2.75% compounded annually. The projected employer contribution rate for fiscal year 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. The 2019 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.0% compounded annually (net of administrative expenses). The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future.



The following table sets forth the District’s employer contributions to CalPERS for fiscal years 2012-13 through 2019-20, the estimated contributed for fiscal year 2020-21 and the projected contribution for fiscal year 2021-22.

**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**  
**(Alameda and Contra Costa Counties, California)**  
**Contributions to CalPERS for Fiscal Years 2012-13 through 2021-22**

Fiscal Year	District Contributions <sup>(1)</sup>
2012-13	\$1,926,080
2013-14	1,989,383
2014-15	2,143,833
2015-16	2,419,215
2016-17	2,921,326
2017-18	3,503,274
2018-19	4,464,554
2019-20	4,816,175
2020-21 <sup>(1)</sup>	4,856,268
2021-22 <sup>(2)</sup>	5,566,756

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

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

Source: The District.

The District’s total employer contributions to CalPERS for fiscal years 2013-14 through 219-20 were equal to 100% of the required contributions for each year. CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

**California Public Employees’ Pension Reform Act of 2013.** The Governor signed the California Public Employee’s Pension Reform Act of 2013 (the “Reform Act” or “PEPRA”) into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% “age factor” (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) “pensionable compensation” is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020.” The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

***GASB 67 and 68.*** In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans (“Statement Number 67”), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions (“Statement Number 68”), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities are currently typically included as notes to the government’s financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 8 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020.”

***Other Post-Employment Benefits (“OPEB”).*** In addition to the retirement plan benefits with CalSTRS and CalPERS, the District provides certain post-retirement healthcare benefits, in accordance with District employment contracts. The District administers a single-employer defined benefit other postemployment benefit (“OPEB”) plan (the “Plan”) that provides medical, dental and vision insurance benefits to eligible retirees and their spouses, and such benefits vary based on age, service, date of retirement and classification. Membership in the Plan consists of 54 retirees and beneficiaries currently receiving benefits and 1,176 active plan members.

In 2017, the District implemented GASB Statement Number 75 (“Statement Number 75”). Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (“total OPEB liability”), less the amount of the OPEB plan’s fiduciary net position. The District’s total OPEB liability as of June 30, 2020, was \$5,128,276, and its net OPEB liability was \$5,128,276. As of June 30, 2020, the District recognized OPEB expense was \$311,261. See APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020,” Note 7 for additional information regarding the OPEB obligation and the postemployment benefits plan.

For additional information about the District’s Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 7 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020.”

### **Risk Pooling, Joint Powers Agreements and Joint Ventures**

The District participates in a joint venture under a joint powers agreement (“JPA”) with the Alameda County Schools Insurance Group (ACSIG). The District also participated in Northern California ReLiEF for excess property and liability insurance. The District also participated in the Protected Insurance Program for Schools Authority (PIPS) to pool risk associated with workers’ compensation. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The JPA arranges for and provides workers’ compensation insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

For additional information about the JPA, see Note 9 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020.”

### **Charter Schools**

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

[There are currently no charter schools operating within the District’s boundaries.]

The District can make no representation as to whether charter schools will be established within the District, or the impact these or other charter school developments may have on the District’s A.D.A. or finances in future years.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

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

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

*County of Orange v. Orange County Assessment Appeals Board No. 3*. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

**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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from 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.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

**Proposition 19.** Proposition 19, which was approved by the voters of the State on November 3, 2020, allows eligible homeowners to transfer their tax assessments anywhere within the State and allows tax assessments to be transferred to a more expensive home with an upward adjustment; requires that inherited homes that are not used as principal residences, such as second homes or rentals, be reassessed at market value when transferred; and allocates additional revenue or net savings resulting from the ballot measure to wildfire agencies and counties. The District is unable to predict the effect such measure may have on tax assessments within the District.

#### **Article XIII B of the State Constitution**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District annually budgets appropriations from “proceeds of taxes” (sometimes referred to as the “Gann limit”) and had an appropriations limit of approximately \$[2020-21 Limit] and appropriations subject to the limit of approximately \$[2020-21 Subject to Limit] in fiscal year 2020-21. The District has budgeted an appropriations limit in fiscal year 2021-22 of approximately \$[2021-22 Limit]. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

#### **Article XIII C and Article XIII D of the State Constitution**

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

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond

its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District imposes a parcel tax which is subject to the provisions of Proposition 218. On November 2, 2004, voters within the District approved Measure D by a two-thirds vote, establishing an annual tax of \$120 per parcel within the District for each year between July 1, 2005 and June 30, 2010. On November 4, 2008, voters within the District approved Measure M by a two-thirds vote, renewing the annual tax of \$138 per parcel within the District for each year between July 1, 2010 and June 30, 2015. On June 3, 2014, voters within the District approved Measure G by a two-thirds vote, renewing the annual tax of \$138 per parcel within the District for each year between July 1, 2015 and June 30, 2022. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

### **Statutory Limitations**

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

### **Proposition 98 and Proposition 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-

14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the “change in the cost of living” by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State’s spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the “excess” tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts’ minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts’ base expenditures for calculating their entitlement for State aid in the following year and would not increase the State’s appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain “qualified capital outlay projects” and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the “first test”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a “credit” to be paid in future years when general fund revenue growth exceeds personal income growth.

### **Proposition 30 and Proposition 55**

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “– Proposition 98 and Proposition 111” above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the “Education Protection Account”), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

## Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process.”

### Proposition 2

**General.** Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

**Rainy Day Fund.** The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the “Public School System Stabilization Account”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

### SB 858

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

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

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

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

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**APPENDIX C**

**PROPOSED FORMS OF OPINION OF BOND COUNSEL**

[To come]

## APPENDIX D

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

#### LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT (ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2016 (MEASURE J), SERIES 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Livermore Valley Joint Unified School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Livermore Valley Joint Unified School District (Alameda and Contra Costa Counties, California) General Obligation Bonds, Election of 2016 (Measure J), Series 2021 (the “Bonds”). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on September 7, 2021, and in accordance with the terms of a Paying Agent Agreement, dated as of October 1, 2021 (the “Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated \_\_\_\_\_, 2021 relating to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC, the original underwriters of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2021 (which is due no later than April 1, 2022), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(b) The District’s adopted budget for the current fiscal year, or a summary thereof;

(c) The District’s average daily attendance.

(d) The District’s outstanding debt.

(e) Information regarding total assessed value of taxable property in the District, if and to the extent provided to the District by Alameda County and Contra Costa County;

(f) Information regarding total secured tax charges and delinquencies on taxable property within the District, if and to the extent provided to the District by Alameda County and Contra Costa County; and

(g) Information regarding the twenty taxpayers in the District with the greatest combined assessed valuation of taxable property and the assessed valuations thereof, if and to the extent provided to the District by the County of Alameda and the County of Contra Costa.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), 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.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;
  3. Optional, unscheduled or contingent Bond calls;
  4. Release, substitution, or sale of property securing repayment of the Bonds;
  5. Non-payment related defaults;
  6. 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;
  7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
  8. Incurrence of a Financial Obligation of an obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect security holders.
- (c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(c).
- (d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.
- (e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.
- (f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2021.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Superintendent

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
Name of Bond Issue: LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2016 (MEASURE J),  
SERIES 2021  
Date of Issuance: \_\_\_\_\_, 2021

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

LIVERMORE VALLEY JOINT UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_ [to be signed only if filed]



**LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
(ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA)  
2021 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Livermore Valley Joint Unified School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Livermore Valley Joint Unified School District (Alameda and Contra Costa Counties, California) 2021 General Obligation Refunding Bonds (Federally Taxable), (the “Bonds”). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on September 7, 2021, and in accordance with the terms of a Paying Agent Agreement, dated as of October 1, 2021 (the “Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated \_\_\_\_\_, 2021 relating to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC, the original underwriters of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2021 (which is due no later than April 1, 2022), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

- (b) The District's adopted budget for the current fiscal year, or a summary thereof;
- (c) The District's average daily attendance.
- (d) The District's outstanding debt.
- (e) Information regarding total assessed value of taxable property in the District, if and to the extent provided to the District by Alameda County and Contra Costa County;
- (f) Information regarding total secured tax charges and delinquencies on taxable property within the District, if and to the extent provided to the District by Alameda County and Contra Costa County; and

(g) Information regarding the twenty taxpayers in the District with the greatest combined assessed valuation of taxable property and the assessed valuations thereof, if and to the extent provided to the District by the County of Alameda and the County of Contra Costa.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), 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.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. 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;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. Incurrence of a Financial Obligation of an obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(c).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2021.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Superintendent

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
Name of Bond Issue: LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT  
2021 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY  
TAXABLE)  
Date of Issuance: \_\_\_\_\_, 2021

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

LIVERMORE VALLEY JOINT UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_ [to be signed only if filed]

## **APPENDIX E**

### **ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT POOL**

*The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Alameda. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County of Alameda Treasurer-Tax Collector and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector of the County of Alameda, 1221 Oak Street, Room 131, Oakland, California 94612.*

## APPENDIX F

### BOOK-ENTRY SYSTEM

*The information in this Appendix F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.*

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an



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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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