

PRELIMINARY OFFICIAL STATEMENT DATED MAY 18, 2022

NEW ISSUE -- FULL BOOK-ENTRY

RATINGS: Moody's: "___"
Standard & Poor's: "___"
See "RATINGS" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$68,000,000*

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds
Election of 2018, Series C

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Authority and Purpose. The captioned bonds (the "Bonds") are being issued by the Mountain View-Los Altos Union High School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on April 25, 2022 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on June 5, 2018, which authorized the issuance of \$295,000,000 maximum principal amount of general obligation bonds for the purpose of financing acquisition and construction of school facilities. The Bonds are the third series of bonds to be issued under this authorization. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN."

Security. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Santa Clara County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity, and may, at bidder's option, be subject to mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Book-Entry Only. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System."

Payments. The Bonds are dated the date of delivery and are being issued as current interest bonds. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2022. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

MATURITY SCHEDULE

(see inside front cover)

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

The Bonds will be sold and awarded pursuant to competitive public bids to be received on May 18, 2022, as set forth in an Official Notice of Sale with respect to the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about June 9, 2022.*

The date of this Official Statement is _____, 2022.

*Preliminary; subject to change.

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

MATURITY SCHEDULE*

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds
Election of 2018, Series C

Base CUSIP[†]: _____

| Maturity Date | Principal Amount | Interest Rate | Yield | Price | CUSIP[†] |
|----------------------|-----------------------------|--------------------------|--------------|--------------|--------------------------|
|----------------------|-----------------------------|--------------------------|--------------|--------------|--------------------------|

**Preliminary; subject to change. Identification of Term Bonds subject to mandatory sinking fund redemption is at bidder's option.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright (c) 2022 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 Purchaser or their agents or counsel take any responsibility for the accuracy of such numbers.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any Bond owner and the District or the Purchaser.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Purchaser to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Purchaser.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Purchaser. The following statement has been included in this Official Statement on behalf of the successful Purchaser: The Purchaser has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Purchaser does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. In connection with the offering of the Bonds, the Purchaser may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Purchaser may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)

BOARD OF TRUSTEES OF THE DISTRICT

Catherine Vonnegut, *President*
Debbie Torok, *Vice President*
Dr. Phil Faillace, *Clerk*
Sanjay Dave, *Member*
Fiona Walter, *Member*

DISTRICT ADMINISTRATION

Nellie Meyer, Ed.D., *Superintendent*
Mike Mathiesen, *Associate Superintendent, Business Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank Trust Company, National Association,
San Francisco, California

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- APPENDIX E - Form of Continuing Disclosure Certificate
- APPENDIX F - DTC and the Book-Entry System
- APPENDIX G - Santa Clara County Investment Policy and Investment Report

OFFICIAL STATEMENT

\$68,000,000*

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds
Election of 2018, Series C

*This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Mountain View-Los Altos Union High School District (the “**District**”) of the Mountain View-Los Altos Union High School District (Santa Clara County, California) General Obligation Bonds, Election of 2018, Series C, in the principal amount of \$68,000,000* (the “**Bonds**”).*

INTRODUCTION

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

The District. The District is located in Santa Clara County, California (the “**County**”), serving the Cities of Mountain View and Los Altos, the Town of Los Altos Hills, and certain unincorporated areas of the County. The District operates two comprehensive traditional high schools, two non-traditional high schools, an alternative high school, and an adult education center. The District’s enrollment for fiscal year 2021-22 is approximately 4,516 students, and it has a 2021-22 total assessed valuation of \$64,085,997,055. *For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other information regarding the City of Mountain View, the City of Los Altos, and Santa Clara County.*

Basic Aid District. For purposes of education funding in the State of California (the “**State**”), the District is a “**Basic Aid**” district (also referred to as a “**Community Supported District**”), meaning that the District’s share of local property taxes exceeds the amount of its entitlement grant under the State’s education funding formula. As such, in lieu of an entitlement grant from the State, the District is entitled to keep its full share of local property taxes that exceed what the District would have received under the State’s funding formula. The District does receive from the State special education funding and certain minimum guaranteed amounts of State apportionments. The District has been in Basic Aid status for many years, and anticipates that it will continue to be so in the near and far future.

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and continues to be unpredictable, with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the State and the nation, among others. For more disclosure regarding the COVID-19 pandemic,

* Preliminary; subject to change.

see “SECURITY FOR THE BONDS – Disclosure Regarding COVID-19 Global Pandemic” herein. See also references to COVID-19 in the sections herein entitled “PROPERTY TAXATION”, and in Appendix A under the heading “DISTRICT GENERAL INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

Authority and Purpose of Issue; Financing Plan. The Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the “**Bond Law**”) and pursuant to a resolution adopted by the Board of Trustees of the District on April 25, 2022 (the “**Bond Resolution**”). The Bonds are the third series of bonds issued by the District pursuant to an election held by the District on June 5, 2018 (the “**Bond Election**”) at which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a maximum principal amount of \$295,000,000 (the “**Authorization**”). The net proceeds of the Bonds will be used to finance school construction and improvements as approved by District voters at the Bond Election. See “THE BONDS – Authority for Issuance” and “THE FINANCING PLAN” and “SOURCES AND USES OF FUNDS” herein.

Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy an *ad valorem* tax for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS” herein.

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

Description of the Bonds.

Form of Bonds. The Bonds are being issued as bonds which will bear current interest and will mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “THE BONDS – General Description of the Bonds” and “– Book-Entry Only System,” below and “APPENDIX F – DTC and the Book-Entry System.”

Redemption. The Bonds are subject to optional redemption prior to maturity. The Bonds may be subject to mandatory sinking fund redemption at the option of the bidders. See discussion of redemption features under the heading “THE BONDS” herein.

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (“**Disclosure Counsel**”). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion

of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" for additional. See "TAX MATTERS" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at 1299 Bryant Ave., Mountain View, California 94040; telephone (650) 940-4650. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters pursuant to the Authorization, including to pay related costs of issuance. The abbreviated form of the ballot measure is as follows:

“To improve neighborhood high schools by expanding classrooms, science labs, libraries/student support facilities to accommodate growing enrollment; modernizing science, technology, engineering, arts/math classrooms for 21st-century learning; and repairing, upgrading/constructing classrooms/school facilities; shall Mountain View-Los Altos Union High School District issue \$295,000,000 of bonds at legal rates with citizen oversight/audits, averaging \$18 million raised annually for bonds until approximately 2039, from rates estimated at \$0.03 per \$100 assessed valuation, with all funds exclusively for local schools?”

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a specific list of projects (the **“Project List”**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Bonds. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List.

The District has previously issued two series of bonds pursuant to the Authorization in the principal amounts of \$100,000,000 each, leaving \$95,000,000 principal amount of unissued bonds pursuant to the Authorization, prior to the issuance of the Bonds. The Bonds described herein will be the third series of bonds issued pursuant to the Authorization. See **“DEBT SERVICE SCHEDULES”** herein for the combined debt service due with respect to general obligation bonds and refunding general obligation bonds of the District, including the Bonds.

THE BONDS

Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution. The Bonds are the third series of bonds issued by the District pursuant to the Authorization.

See **“DEBT SERVICE SCHEDULES”** herein for the debt service schedule for the Bonds, and a combined debt service due with respect to all of the District’s outstanding general obligation bonds, including the Bonds.

General Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See **“– Book-Entry Only System”** below and **“APPENDIX F – DTC and the Book-Entry System.”**

The Bonds will be issued in denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2022 (each, an **“Interest Payment Date”**). Each Bond will

bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a **“Record Date”**), in which event it will bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to July 15, 2022, in which event it will bear interest from the Delivery Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Paying Agent

U.S. Bank Trust Company, National Association, San Francisco, California will act as the registrar, transfer agent, and paying agent for the Bonds (the **“Paying Agent”**). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send all payments with respect to principal and interest on the Bonds, and any notice of redemption or other notices to owners of the Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

The Paying Agent, the District, the County and the Purchaser of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Optional Redemption

The Bonds maturing on or before August 1, 20___, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20___, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20___, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption *

The Bonds maturing on August 1, 20___ (the **“Term Bonds”**) are subject to mandatory sinking fund redemption on August 1, 20___ and each August 1 thereafter in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts, and on the dates, set forth below, without premium, together with interest accrued thereon to the redemption date.

**Designation of term bonds subject to mandatory sinking fund redemption is at bidder's option.*

Term Bonds Maturing August 1, 20____

| Redemption Date (August 1) | Sinking Fund Redemption |
|---------------------------------------|------------------------------------|
|---------------------------------------|------------------------------------|

If some but not all of the Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the aggregate principal amount of Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be reduced on a pro rata basis in integral multiples of \$5,000, or on such other basis as designated pursuant to written notice filed by the District with the Paying Agent.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books. Notice of any redemption of Bonds will specify: (a) that the Bonds or a designated portion thereof (in the case of redemption of the Bonds in part but not in whole) are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the Bonds must be submitted for redemption, descriptive information about the Bonds, including the dated date, interest rate and stated maturity date. Such notice will further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity and of authorized denominations equal in aggregate amounts equal to the unredeemed portion of the Bonds surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Optional Redemption

The District has the right to rescind any notice of the optional redemption of the Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail

notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Book-Entry Only System

The Bonds will be registered initially in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Bonds. Principal of the Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “APPENDIX F – DTC and the Book-Entry System.”

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Bonds are to be issued.

Registration, Transfer and Exchange of Bonds

The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Bond Resolution.

Any Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent will require the payment by the owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond(s) shall be surrendered for transfer, the District will execute, and the Paying Agent will authenticate and deliver, a new Bond(s), for like aggregate principal amount.

Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No transfers or exchanges of Bonds will be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or
- (c) by delivering to the Paying Agent, for cancellation by it, such Bonds.

If the District pays all the Bonds that are outstanding and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Bond Resolution.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above to pay or redeem any Bond that is outstanding, whether upon or prior to its maturity date), then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent or other financial institution money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Bond Resolution and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid, as such principal or redemption price and interest become due.

As used in the foregoing defeasance provision, the term “**Federal Securities**” means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest

on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; and (d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
[Plus/Less] [Net] Original Issue [Premium/Discount]

Total Sources

Uses of Funds

Deposit to Building Fund
Debt Service Fund
Costs of Issuance⁽¹⁾

Total Uses

(1) All estimated costs of issuance including, but not limited to, Purchaser's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, and the rating agencies.

APPLICATION OF PROCEEDS OF BONDS

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County Treasurer to the credit of the fund created and established in the Bond Resolution and known as the "Election of 2018, Series C Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued, including for the payment of permissible costs of issuance. All interest and other gain arising from the investment of proceeds of the Bonds shall be retained in the Building Fund and used for the purposes thereof. Any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Bonds, to be applied to pay the principal of and interest on the Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Bonds have been authorized or otherwise in accordance with the Bond Law.

Debt Service Fund

As described herein under the heading "SECURITY FOR THE BONDS - Debt Service Fund," the County will establish a debt service fund for the Bonds to be designated the "Election of 2018, Series C General Obligation Bonds Debt Service Fund" (the "**Debt Service Fund**"). Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. All amounts deposited in the Building Fund of the District shall be invested at the sole discretion of the County Treasurer. See Appendix G for the County's current investment policy and recent investment report. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemption of the Bonds prior to maturity.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT Annual Debt Service Schedule for the Bonds

| Period Ending August 1 | Principal | Interest | Total Debt Service |
|------------------------------|-----------|----------|--------------------|
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| Total | | | |

Combined Debt Service Table. The District has other series of general obligation bonds and refunding general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District. The following table shows the combined annual debt service schedule with respect to general obligation bonds secured by *ad valorem* taxes. See Appendix A under the heading “DISTRICT FINANCIAL INFORMATION – General Obligation Debt” for additional information.

**MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 Combined Annual Debt Service Schedule
 All Outstanding General Obligation Debt**

| Period Ending Aug. 1 | 1995 Election Series C Bonds | 1995 Election Series D Bonds | 2010 Election Series B Bonds | 2010 Election Series C Bonds | 2012 Refunding Bonds | 2018 Series A Bonds | 2018 Series B Bonds | The Bonds | Aggregate Debt Service |
|----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------|------------------------|-------------------------|-----------|---------------------------|
| 2022 | \$1,565,000.00 | \$1,170,000.00 | \$1,446,012.50 | \$1,262,906.26 | \$1,587,620.02 | \$7,610,800.00 | \$11,290,306.26 | | |
| 2023 | -- | 1,140,000.00 | 3,381,012.50 | 2,957,906.26 | -- | 2,410,800.00 | 8,348,056.26 | | |
| 2024 | -- | 1,110,000.00 | 3,586,012.50 | 3,162,906.26 | -- | 2,410,800.00 | 7,531,356.26 | | |
| 2025 | -- | -- | 4,381,012.50 | 3,872,906.26 | -- | 2,410,800.00 | 7,836,356.26 | | |
| 2026 | -- | -- | 4,586,012.50 | 4,072,906.26 | -- | 2,410,800.00 | 8,145,756.26 | | |
| 2027 | -- | -- | 4,806,012.50 | 4,287,906.26 | -- | 5,410,800.00 | 7,128,556.26 | | |
| 2028 | -- | -- | 5,031,707.50 | 4,517,687.50 | -- | 5,990,800.00 | 7,201,956.26 | | |
| 2029 | -- | -- | 5,270,515.00 | 4,755,093.76 | -- | 6,257,800.00 | 7,428,556.26 | | |
| 2030 | -- | -- | 5,525,632.50 | 4,999,562.50 | -- | 6,978,200.00 | 7,466,756.26 | | |
| 2031 | -- | -- | -- | -- | -- | 7,283,200.00 | 7,698,356.26 | | |
| 2032 | -- | -- | -- | -- | -- | 7,702,950.00 | 7,895,956.26 | | |
| 2033 | -- | -- | -- | -- | -- | 7,947,950.00 | 8,183,606.26 | | |
| 2034 | -- | -- | -- | -- | -- | 8,262,750.00 | 8,450,531.26 | | |
| 2035 | -- | -- | -- | -- | -- | 8,629,150.00 | -- | | |
| 2036 | -- | -- | -- | -- | -- | 11,265,150.00 | -- | | |
| 2037 | -- | -- | -- | -- | -- | -- | -- | | |
| TOTAL | \$1,565,000.00 | \$3,420,000.00 | \$38,013,930.00 | \$33,889,781.32 | \$1,587,620.02 | \$92,982,750.00 | \$104,606,106.38 | | |

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Debt Payable from Ad Valorem Property Taxes. In addition to the District's general obligation bonds, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "– Debt Obligations" below.

Levy, Collection and Pledge of Taxes. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as are necessary to ensure the timely payment of debt service on the Bonds. Such taxes, when collected, will be deposited into the Debt Service Fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

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

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2017, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

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

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property

caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value.” See also below under the heading “Disclosure Regarding COVID-19 Pandemic.”

Debt Service Fund

The County will establish a Debt Service Fund for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Fund, the County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

Disclosure Regarding COVID-19 Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“COVID-19”), which was first detected in China and spread throughout the world, including the United States, was declared a pandemic by the World Health Organization, a national emergency by President Trump and a state of emergency by the Governor of the State (the “**Governor**”) in March 2020. Since said declarations, tremendous volatility in the financial markets occurred, and nations have taken actions to curb the spread including stay at home orders and other actions which have unknown long-term impacts including on worldwide and local economies. As of this date, several vaccines have been provided approval, most on an emergency basis, by federal health authorities and are widely available.

Federal Response. President Trump’s declaration of a national emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by President Trump on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, being the largest national stimulus bill in history, referred to as the Coronavirus Aid, Relief, and

Economic Security Act (the “**CARES Act**”). The package provided direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion for emergency grants to educational institutions and local educational agencies. This funding allocation included approximately \$13.5 billion in formula funding to make grants available to each state’s educational agency in order to facilitate K-12 schools’ responses to the COVID-19 pandemic.

On April 9, 2020, the Federal Reserve took actions aimed at providing up to \$2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s (“**SBA**”) Paycheck Protection Program (“**PPP**”), purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed, providing additional funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

On December 27, 2020, then-President Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act (the “**CRRSA Act**”), an additional \$900 billion federal relief package intended to follow and expand on provisions of the CARES Act. The measure includes another round of direct stimulus payments to individuals and families, extended unemployment benefits, expanded the PPP, and provided approximately \$82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (the “**ARP Act**”), a \$1.9 trillion economic stimulus plan that provided another round of stimulus checks to individuals and families, extended federal supplemental unemployment benefits, provided more funding for state and local governments, expanded subsidies for healthcare insurance, and provided additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions that affect many industries, businesses, and individuals. With respect to relief for educational agencies, grants of \$125.8 billion are being provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. Funding can be used for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment. At least 20% of the funding will have to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs. States that receive the grants cannot reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic. On March 19, 2020, the Governor issued a state-wide blanket shelter-in-place order, ordering all California residents to stay home except for certain essential purposes. The restrictions initially began to be rolled back in May 2020 in accordance with State and local guidelines. Thereafter, on August 28, 2020, the Governor released a system entitled “Blueprint for a Safer California” (the “**State Blueprint**”)

aimed at reducing the spread of COVID-19. The State Blueprint placed the State's 58 counties into four color-coded tiers generally based on test positivity and adjusted case rate in the county. Each tier imposed restrictions on certain activities to reduce the spread. The tier system was ultimately terminated on June 15, 2021, following significant reductions in positivity and hospitalizations due to the availability of effective COVID-19 vaccines.

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

Notwithstanding that several vaccines have been approved for public use with respect to COVID-19, the spread of COVID-19 and related variants is ongoing, and future actions to reduce its spread and its impact on global and local economies are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

Impact of COVID-19 Pandemic on Education. The State's and other local (if any) shelter-in-place orders suspended in-person classroom instruction throughout schools in the State from March 2020 through the end of the 2019-20 academic year. School districts in the State generally commenced the 2020-21 academic year in accordance with the Governor's order of July 17, 2020 (Pandemic Plan for Learning and Safe Schools) and the State's Blueprint which resulted in significant amounts of distance learning as opposed to in-person instruction during the 2020-21 academic year. The 2021-22 academic year generally commenced with in-person learning with an independent study option.

On March 13, 2020, the Governor issued Executive Order N-26-20 which established a streamlined process for school closures in response to COVID-19, providing for continued State funding to support distance learning or independent study, subsidized school meals to low-income students, and continuing payment for school district employees, among other measures. In addition, Senate Bill 117 (March 17, 2020) was approved and addressed attendance issues and instructional hour requirements, among other items, and effectively held school districts harmless from funding losses that could result from these issues under the State's education funding formulas. See APPENDIX B under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally." In addition, federal funding to school districts was made available to most school districts under the CARES Act, the CRRSA Act and the ARP Act.

On December 30, 2020, the Governor announced the Safe Schools for All Plan ("**SSFA Plan**"), a plan aimed at incentivizing schools to offer in-person learning. Some portions of the SSFA Plan went into effect immediately, however on March 4, 2021 the legislature passed and on March 5, 2021 the Governor signed Senate and Assembly Bill 86, reaching an agreement on a school reopening plan, with the stated intent that schools offer in-person instruction to the greatest extent possible during the 2020-21 fiscal year. The plan provided schools with financial

incentives totaling \$2 billion to offer in-person instruction beginning on April 1 to students with extra needs or requiring special attention and, for students in some grades, depending on what tier their county was in under the State Blueprint. Funding was allocated based on LCFF funding. For districts not offering in-person instruction by April 1, 2021, funds decreased by one percent for each instructional day that schools were not open through May 15 (not including scheduled vacation days) and after May 15, eligibility ceased. Funds obtained were primarily to be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts were required to continue to offer distance learning options.

The State's fiscal year 2021-22 Budget passed by the Legislature on June 14, 2021 together with related legislation approved on June 28, 2021, and signed by the Governor, makes historic levels of funding available for educational purposes, including funding the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses, expanded learning programs and increased special education funding, among others. See APPENDIX A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Information on the District's response to the COVID-19 pandemic can be found in Appendix A under the heading "DISTRICT GENERAL INFORMATION – District's Response to COVID-19 Pandemic."

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency altered the behavior of businesses and people in a manner that may have negative impacts on global and local economies, including the economy of the State. A substantial increase in unemployment and a decline in State revenues including derived from personal income tax receipts have occurred. The District cannot predict the short or long term impacts the COVID-19 emergency and the responses of federal, State or local governments thereto, will have on global, State-wide and local economies, which could impact District operations and finances, and local property values. For more detail regarding the State's current budget, and related reports and outlooks, see APPENDIX A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

General Obligation Bonds Secured by Ad Valorem Property Tax Revenues. Notwithstanding the impacts the COVID-19 pandemic may have on the economy in the State, the County and the District or on the District's general purpose 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, levied in the District and are not payable from the general fund of the District. The District cannot predict the impacts that the COVID-19 pandemic might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Tax Levies and Delinquencies; Property Tax Collection Procedures" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order which may be enacted by the State legislature or declared by the Governor from time to time.

The District cannot predict whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

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

Assessed Valuations

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

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

The table following shows a recent history of the District's assessed valuation.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2005-06 through 2021-22

| <u>Fiscal Year</u> | <u>Local Secured</u> | <u>Utility</u> | <u>Unsecured</u> | <u>Total</u> | <u>% Change</u> |
|--------------------|----------------------|----------------|------------------|------------------|-----------------|
| 2005-06 | \$19,878,819,874 | \$783,438 | \$1,569,263,952 | \$21,448,867,264 | -- |
| 2006-07 | 21,887,696,614 | 644,127 | 1,739,413,148 | 23,627,753,889 | 10.16% |
| 2007-08 | 23,655,789,584 | 0 | 1,718,867,504 | 25,374,657,088 | 7.39 |
| 2008-09 | 25,639,999,709 | 274,660 | 1,637,429,826 | 27,277,704,195 | 7.50 |
| 2009-10 | 26,976,482,075 | 274,660 | 1,985,853,619 | 28,962,610,354 | 6.18 |
| 2010-11 | 26,728,994,528 | 274,660 | 1,683,953,635 | 28,413,222,823 | -1.90 |
| 2011-12 | 27,488,548,127 | 300,820 | 1,858,592,906 | 29,347,441,853 | 3.29 |
| 2012-13 | 28,649,351,565 | 300,820 | 2,411,095,578 | 31,060,747,963 | 5.84 |
| 2013-14 | 31,091,640,233 | 300,820 | 2,573,211,320 | 33,665,152,373 | 8.38 |
| 2014-15 | 34,061,991,261 | 26,160 | 2,105,421,529 | 36,167,438,950 | 7.43 |
| 2015-16 | 37,634,298,120 | 26,160 | 2,415,511,484 | 40,049,835,764 | 10.73 |
| 2016-17 | 41,649,244,615 | 26,160 | 2,629,028,930 | 44,278,299,705 | 10.56 |
| 2017-18 | 45,238,277,881 | 26,160 | 3,132,489,591 | 48,370,793,632 | 9.24 |
| 2018-19 | 48,632,455,756 | 0 | 2,570,714,746 | 51,203,170,502 | 5.85 |
| 2019-20 | 52,539,851,103 | 0 | 2,581,154,902 | 55,121,006,005 | 7.65 |
| 2020-21 | 57,836,799,601 | 0 | 2,547,299,871 | 60,384,099,472 | 9.55 |
| 2021-22 | 61,711,737,944 | 0 | 2,374,259,111 | 64,085,997,055 | 6.13 |

Source: California Municipal Statistics, Inc.

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

The District is located in a seismically active region. The 1989 Loma Prieta earthquake on the San Andreas fault was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity, and caused fires and collapses of and structural damage to buildings, highways, and bridges in the Bay region. In 2015, 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) updated the 30-year earthquake forecast for California and concluded that there is a 72% probability that at least one earthquake of magnitude 6.7 or greater will strike somewhere in the San Francisco Bay region before the year 2043. Such an earthquake would likely be very destructive and property within the District could sustain significant damage in a major earthquake, and the area's economic activity could be adversely affected.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017 which resulted in related severe flooding and mudslides in certain regions. As of April 14, 2022, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly severe to extreme drought conditions, with the County in the severe drought category. During 2021, Governor Newsom

proclaimed a drought state of emergency for all counties in the State, culminating with his October 19, 2021 proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

In addition, the State has had several severe wildfires in recent years, which have burned thousands of acres and destroyed thousands of homes and structures. Several of the wildfires in recent years have originated in wildlands adjacent to urban areas.

Global Pandemic/Disease. Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which has resulted in an economic recession that could cause general marked declines in property values. For disclosure relating to the COVID-19 pandemic, see also “SECURITY FOR THE BONDS – Disclosure Regarding COVID-19 Global Pandemic.”

Future Conditions Unknown. The District cannot predict or make any representations regarding the effects that prolonged droughts or wildfires or any other type of natural or manmade disasters, including the COVID-19 pandemic, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction

The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2021-22.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT Assessed Valuations by Jurisdiction Fiscal Year 2021-22

| <u>Jurisdiction:</u> | <u>Assessed Valuation in School District</u> | <u>% of School District</u> | <u>Assessed Valuation of Jurisdiction</u> | <u>% of Jurisdiction in School District</u> |
|-----------------------------------|--|---------------------------------|---|---|
| City of Los Altos | \$15,235,315,143 | 23.77% | \$18,825,558,858 | 80.93% |
| City of Los Altos Hills | 5,991,508,805 | 9.35 | \$9,325,564,181 | 64.25% |
| City of Mountain View | 37,222,576,490 | 58.08 | \$37,581,733,716 | 99.04% |
| City of Palo Alto | 530,014,456 | 0.83 | \$43,983,352,045 | 1.21% |
| City of Sunnyvale | 2,412,525,909 | 3.76 | \$57,583,082,057 | 4.19% |
| Unincorporated Santa Clara County | <u>2,694,056,252</u> | <u>4.20</u> | \$20,482,344,953 | 13.15% |
| Total District | \$64,085,997,055 | 100.00% | | |
| Santa Clara County | \$64,085,997,055 | 100.00% | \$576,319,542,323 | 11.12% |

Source: California Municipal Statistics, Inc.

Parcels by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2021-22.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT Local Secured Property Assessed Valuation and Parcels by Land Use Fiscal Year 2021-22

| | 2021-22 <u>Assessed Valuation</u> ⁽¹⁾ | % of <u>Total</u> | <u>No. of Parcels</u> | % of <u>Total</u> |
|---------------------------------|---|----------------------|---------------------------|----------------------|
| <u>Non-Residential:</u> | | | | |
| Agricultural/Rural | \$ 37,683,839 | 0.06% | 71 | 0.21% |
| Commercial | 12,940,078,254 | 20.97 | 1,546 | 4.64 |
| Industrial | 4,525,758,898 | 7.33 | 384 | 1.15 |
| Recreational | 43,420,081 | 0.07 | 14 | 0.04 |
| Government/Social/Institutional | 57,082,264 | 0.09 | 73 | 0.22 |
| Miscellaneous | <u>44,206,698</u> | <u>0.07</u> | <u>84</u> | <u>0.25</u> |
| Subtotal Non-Residential | \$17,648,230,034 | 28.60% | 2,172 | 6.52% |
| <u>Residential:</u> | | | | |
| Single Family Residence | \$31,086,038,265 | 50.37% | 19,604 | 58.86% |
| Condominium/Townhouse | 6,721,125,004 | 10.89 | 8,654 | 25.98 |
| Mobile Home | 73,207,005 | 0.12 | 841 | 2.52 |
| 2-4 Residential Units | 864,150,376 | 1.40 | 1,005 | 3.02 |
| 5+ Residential Units/Apartments | <u>4,950,542,534</u> | <u>8.02</u> | <u>608</u> | <u>1.83</u> |
| Subtotal Residential | \$43,695,063,184 | 70.81% | 30,712 | 92.21% |
| Vacant Parcels | \$368,444,726 | 0.60% | 423 | 1.27% |
| Total | \$61,711,737,944 | 100.00% | 33,307 | 100.00% |

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Per Parcel Assessed Valuation of Single-Family Homes

The following table sets forth the per-parcel assessed valuation of single-family homes in fiscal year 2021-22.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT Per Parcel Assessed Valuation of Single-Family Homes Fiscal Year 2021-22

| | <u>No. of Parcels</u> | <u>2021-22 Assessed Valuation</u> | <u>Average Assessed Valuation</u> | <u>Median Assessed Valuation</u> |
|---------------------------|---------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Single Family Residential | 19,604 | \$31,086,038,265 | \$1,585,699 | \$1,183,439 |

| <u>2021-22 Assessed Valuation</u> | <u>No. of Parcels ⁽¹⁾</u> | <u>% of Total</u> | <u>Cumulative % of Total</u> | <u>Total Valuation</u> | <u>% of Total</u> | <u>Cumulative % of Total</u> |
|---------------------------------------|--|-----------------------|----------------------------------|----------------------------|-----------------------|----------------------------------|
| \$0 - \$199,999 | 2,316 | 11.814% | 11.814% | \$ 293,358,088 | 0.944% | 0.944% |
| \$200,000 - \$399,999 | 1,465 | 7.473 | 19.287 | 426,143,690 | 1.371 | 2.315 |
| \$400,000 - \$599,999 | 1,481 | 7.555 | 26.841 | 742,423,251 | 2.388 | 4.703 |
| \$600,000 - \$799,999 | 1,553 | 7.922 | 34.763 | 1,090,333,273 | 3.507 | 8.210 |
| \$800,000 - \$999,999 | 1,580 | 8.060 | 42.823 | 1,420,420,096 | 4.569 | 12.780 |
| \$1,000,000 - \$1,199,999 | 1,522 | 7.764 | 50.587 | 1,667,453,141 | 5.364 | 18.144 |
| \$1,200,000 - \$1,399,999 | 1,113 | 5.677 | 56.264 | 1,442,407,895 | 4.640 | 22.784 |
| \$1,400,000 - \$1,599,999 | 922 | 4.703 | 60.967 | 1,383,443,859 | 4.450 | 27.234 |
| \$1,600,000 - \$1,799,999 | 1,011 | 5.157 | 66.124 | 1,719,485,181 | 5.531 | 32.765 |
| \$1,800,000 - \$1,999,999 | 957 | 4.882 | 71.006 | 1,814,819,330 | 5.838 | 38.603 |
| \$2,000,000 - \$2,199,999 | 851 | 4.341 | 75.347 | 1,782,822,913 | 5.735 | 44.339 |
| \$2,200,000 - \$2,399,999 | 616 | 3.142 | 78.489 | 1,412,786,383 | 4.545 | 48.883 |
| \$2,400,000 - \$2,599,999 | 554 | 2.826 | 81.315 | 1,385,208,522 | 4.456 | 53.339 |
| \$2,600,000 - \$2,799,999 | 542 | 2.765 | 84.080 | 1,459,986,853 | 4.697 | 58.036 |
| \$2,800,000 - \$2,999,999 | 450 | 2.295 | 86.375 | 1,302,761,301 | 4.191 | 62.227 |
| \$3,000,000 - \$3,199,999 | 405 | 2.066 | 88.441 | 1,255,076,312 | 4.037 | 66.264 |
| \$3,200,000 - \$3,399,999 | 313 | 1.597 | 90.038 | 1,032,333,817 | 3.321 | 69.585 |
| \$3,400,000 - \$3,599,999 | 317 | 1.617 | 91.655 | 1,109,113,038 | 3.568 | 73.153 |
| \$3,600,000 - \$3,799,999 | 266 | 1.357 | 93.012 | 983,650,994 | 3.164 | 76.317 |
| \$3,800,000 - \$3,999,999 | 192 | 0.979 | 93.991 | 748,500,590 | 2.408 | 78.725 |
| \$4,000,000 and greater | <u>1,178</u> | <u>6.009</u> | 100.000 | <u>6,613,509,738</u> | <u>21.275</u> | 100.000 |
| | 19,604 | 100.000% | | \$31,086,038,265 | 100.000% | |

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

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

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

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Typical Tax Rates

Below are historical typical tax rates in the tax rate area within the District for the years 2017-18 through 2021-22.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
Typical Tax Rates per \$100 of Assessed Valuation
Tax Rate Area 5-000
(AV: \$17,582,627,327)
Fiscal Years 2017-18 through 2021-22

| | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> |
|---|------------------|-----------------|-----------------|------------------|------------------|
| General Tax Rate | \$1.00000 | \$1.0000 | \$1.0000 | \$1.00000 | \$1.00000 |
| County Retirement Levy | 0.03880 | 0.0388 | 0.0388 | .03880 | .03880 |
| County Hospital Bonds and Housing Bonds | 0.02086 | 0.0177 | 0.0169 | .00690 | .01876 |
| Mountain View Elementary School District | 0.01750 | 0.0175 | 0.0157 | -- | -- |
| Mountain View-Whisman Elementary School District | 0.02350 | 0.0250 | 0.0239 | -- | -- |
| Mountain View and Mountain View-Whisman ESD | -- | -- | -- | .05960 | .04780 |
| El Camino Hospital District | 0.01000 | 0.0100 | 0.0100 | .01000 | .01000 |
| Foothill-De Anza Community College District | 0.02200 | 0.0217 | 0.0208 | .03640 | .03310 |
| Mountain View-Los Altos Union High School District | 0.01070 | 0.0409 | 0.0365 | .04000 | .02780 |
| Mid-peninsula Open Space District | 0.00090 | 0.0018 | 0.0016 | .00150 | .00150 |
| Total Tax Rate | <u>\$1.14426</u> | <u>\$1.1734</u> | <u>\$1.1642</u> | <u>\$1.19320</u> | <u>\$1.17776</u> |
| Santa Clara Valley Water District- State Water Project | \$0.00620 | \$0.0042 | \$0.0041 | \$.00370 | \$.00510 |
| Total Tax Rate | <u>\$0.00620</u> | <u>\$0.0042</u> | <u>\$0.0041</u> | <u>\$.00370</u> | <u>\$.00510</u> |

Source: California Municipal Statistics, Inc.

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Top Twenty Property Owners

The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2021-22 tax roll, and the assessed valuations thereof, are shown in the following table.

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

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2021-22

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2021-22 Assessed Valuation</u> | <u>% of Total ⁽¹⁾</u> |
|-----|-------------------------------------|--------------------------|---------------------------------------|--------------------------------------|
| 1. | Google Inc. | Research and Development | \$ 4,402,719,813 | 7.13% |
| 2. | Planetary Ventures LLC | Research/Air Hangers | 1,188,790,125 | 1.93 |
| 3. | MGP IX Sac II Properties LLC | Office Building | 628,819,878 | 1.02 |
| 4. | Baccarat Shoreline LLC | Office Building | 453,500,415 | 0.73 |
| 5. | MT2 B3-4 LLC | Office Building | 369,239,690 | 0.60 |
| 6. | San Antonio Apartments LLC | Apartments | 365,126,965 | 0.59 |
| 7. | MT2 B1 LLC | Office Building | 334,189,837 | 0.54 |
| 8. | MT2 B5 LLC | Office Building | 333,365,439 | 0.54 |
| 9. | MT2 B2 LLC | Office Building | 323,904,372 | 0.52 |
| 10. | MT1 ABC LLC | Office Building | 313,116,102 | 0.51 |
| 11. | BPREP Village Residences LLC | Apartments | 294,733,325 | 0.48 |
| 12. | Samsung Electronics America Inc. | Office Building | 277,489,924 | 0.45 |
| 13. | Paul Guarantor LLC | Office Building | 276,859,357 | 0.45 |
| 14. | Linkedin Corporation | Office Building | 251,839,816 | 0.41 |
| 15. | KR 690 Middlefield LLC | Office Building | 228,134,775 | 0.37 |
| 16. | Richard T. and Catherine R. Spieker | Apartments | 225,236,750 | 0.36 |
| 17. | Nor Cal Plymouth Realty LLC | Office Building | 221,145,138 | 0.36 |
| 18. | MT3D LLC | Office Building | 198,146,242 | 0.32 |
| 19. | MCC Castro Station LLC | Office Building | 185,141,397 | 0.30 |
| 20. | LH Shoreline LP | Office Building | <u>178,643,850</u> | <u>0.29</u> |
| | | | \$11,050,143,210 | 17.91% |

(1) 2021-22 Total Secured Assessed Valuation: \$61,711,737,944.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. With respect to general obligation bonds, county assessors are authorized to levy taxes sufficient to pay debt service on bonds coming due, including as a rate that will provide for a reserve. The District cannot represent the sufficiency of any such reserve to the extent necessary to cover delinquent taxes, to the extent the Teeter Plan were amended or discontinued.

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Regarding COVID-19 Pandemic."

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the County's Teeter Plan. See "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

Notwithstanding the operation of the Teeter Plan, historical secured tax levy collections and delinquencies in the District, with respect to the one percent general fund apportionment, are summarized in the following table.

**MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies⁽¹⁾
Fiscal Years 2005-06 through 2020-21**

| <u>Year</u> | <u>Secured Tax Charge⁽¹⁾</u> | <u>Amount Delinquent As of June 30th</u> | <u>% Delinquent As of June 30th</u> |
|------------------------|---|--|---|
| 2005-06 | \$3,472,717 | \$30,032 | 0.86% |
| 2006-07 | 3,660,005 | 28,455 | 0.78 |
| 2007-08 | 3,735,563 | 32,979 | 0.88 |
| 2008-09 | 3,769,517 | 53,967 | 1.43 |
| 2009-10 | 3,930,460 | 46,094 | 1.17 |
| 2010-11 | 3,979,237 | 36,859 | 0.93 |
| 2011-12 | 3,935,940 | 28,412 | 0.72 |
| 2012-13 ⁽²⁾ | N/A | N/A | 0.51 |
| 2013-14 | 3,795,350 | 20,454 | 0.54 |
| 2014-15 | 4,560,330 | 25,230 | 0.55 |
| 2015-16 | 4,507,081 | 29,177 | 0.65 |
| 2016-17 | 4,656,314 | 25,129 | 0.54 |
| 2017-18 | 4,770,237 | 13,552 | 0.28 |
| 2018-19 | 19,755,362 | 115,870 | 0.59 |
| 2019-20 | 19,261,332 | 81,211 | 0.42 |
| 2020-21 | 23,215,216 | 152,547 | 0.66 |

(1) Bond debt service only.

(2) Secured tax charge and amount delinquent as of June 30 is not available for districts in the County for fiscal year 2012-13.

Source: *California Municipal Statistics, Inc.*

Debt Obligations

Set forth on the following page is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and dated March 16, 2022 with respect to debt issued as of April 1, 2022. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2022

2021-22 Assessed Valuation: \$64,085,997,055

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 4/1/22</u> |
|---|----------------------------|----------------------------------|
| Santa Clara County | 11.120% | \$ 127,486,352 |
| Foothill-DeAnza Community College District | 31.504 | 207,257,988 |
| Mountain View-Los Altos Union High School District | 100.000 | 191,007,143⁽¹⁾ |
| Los Altos School District | 100.000 | 145,755,000 |
| Mountain View School District | 100.000 | 1,695,000 |
| Mountain View-Whisman School District | 100.000 | 271,195,000 |
| Whisman School District | 100.000 | 5,835,258 |
| City of Palo Alto | 1.205 | 664,377 |
| El Camino Hospital District | 55.311 | 61,527,956 |
| Santa Clara Valley Water District Benefit Assessment District | 11.120 | 5,354,280 |
| Midpeninsula Regional Open Space District | 18.131 | 15,334,293 |
| City 1915 Act Bonds | 100.000 | 2,005,000 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$1,035,117,647 |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | <u>% Applicable</u> | <u>Debt 4/1/22</u> |
|---|----------------------------|---------------------------|
| Santa Clara County General Fund Obligations | 11.120% | \$138,117,557 |
| Santa Clara County Pension Obligation Bonds | 11.120 | 37,322,998 |
| Santa Clara County Board of Education Certificates of Participation | 11.120 | 202,384 |
| Foothill-De Anza Community College District Certificates of Participation | 31.504 | 6,735,555 |
| Mountain View-Los Altos Union High School District COP | 100.000 | 2,154,552 |
| Los Altos School District General Fund Obligations | 100.000 | 1,768,540 |
| City of Los Altos Certificates of Participation | 80.929 | 8,398,406 |
| Other City General Fund Obligations | Various | 7,647,775 |
| Midpeninsula Regional Open Space District General Fund Obligations | 18.131 | 18,077,622 |
| Santa Clara County Vector Control District Certificates of Participation | 11.120 | 196,268 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$220,621,657 |
| Less: Santa Clara County Obligations supported by hospital and airport revenues | | 2,010,358 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$218,611,299 |

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$85,595,000

GROSS COMBINED TOTAL DEBT \$1,341,334,304 ⁽²⁾
NET COMBINED TOTAL DEBT \$1,339,323,946

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$191,007,143) **0.30%**
Total Direct and Overlapping Tax and Assessment Debt 1.62%
Combined Direct Debt (\$193,161,695) **0.30%**
Gross Combined Total Debt 2.09%
Net Combined Total Debt 2.09%

Ratios to Redevelopment Incremental Valuation (\$5,624,105,126):

Total Overlapping Tax Increment Debt 1.52%

(1) Excludes the Bonds.

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

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect

to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, 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, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Form of Opinion

A copy of the proposed form of approving legal opinion of Bond Counsel is attached hereto as Appendix D.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing by March 31, 2023 with the report for the 2021-22 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Purchaser in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of outstanding general obligation bonds. A review has been made of the District's undertakings and filings made in the previous five years, and instances of non-compliance are (i) not including in the annual reports for fiscal years 2017-18 and 2018-19 information regarding direct and overlapping debt and typical tax rates, and (iii) with respect to the District's 1995 General Obligation Bonds, Series C, a notice of an insured rating downgrade which occurred on December 1, 2017 was filed late. These instances of noncompliance have been remedied. _____[UPDATE/CONFIRM]_____

In order to assist it in complying with its disclosure undertakings for its outstanding general obligation bonds, the District has engaged Dale Scott & Company, Inc., to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") and Moody's Investors Services ("**Moody's**") have assigned the ratings of "___" and "___", respectively, to the Bonds. Such ratings reflect only the views of S&P and Moody's and an explanation of the significance of such ratings may be obtained only from S&P and Moody's. The District has provided certain additional information and materials to S&P and Moody's (some of which does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P or Moody's, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

COMPETITIVE SALE OF BONDS

The Bonds were sold following a competitive bidding process and were awarded to the purchaser identified in the following paragraph, whose proposal represented the lowest true interest cost for the Bonds as determined in accordance with the Official Notice of Sale. The following is the purchase prices for the Bonds:

Purchase Price for the Bonds. _____, the Purchaser, has agreed to purchase the Bonds at a price of \$_____, which is equal to the initial principal amount of the Bonds of \$_____ plus a net original issue premium of \$_____, less a purchaser's discount of \$_____.

The Purchaser intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Purchaser may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Bond Purchaser.

MISCELLANEOUS

Legality for Investment

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

Litigation

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

The District is subject to lawsuits and claims that have arisen and may arise in the normal course of operating the District, including as a result of the COVID-19 pandemic. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, and Dale Scott & Company, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The District has never had a major cyber breach that resulted in a financial loss. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Additional Information

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents are available from the District and following delivery of the Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

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

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

EXECUTION

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

**MOUNTAIN VIEW-LOS ALTOS UNION HIGH
SCHOOL DISTRICT**

By: _____
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District, its operating budget and the District's general fund finances 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 are payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the main body of the Official Statement.

DISTRICT GENERAL INFORMATION

General Information

The District is located in Santa Clara County, California (the "**County**"), serving the Cities of Mountain View and Los Altos, the Town of Los Altos Hills, and certain unincorporated areas of the County. The District operates two comprehensive traditional high schools, two non-traditional high schools, an alternative high school, and an adult education center. The District's enrollment for fiscal year 2021-22 is approximately 4,516 students, and it has a 2021-22 total assessed valuation of \$64,085,997,055.

Basic Aid Status/Community Supported District

The District's local property taxes have greatly exceeded the State's calculated funding amount for the District for many years, resulting in the District's being securely within "**Basic Aid**" status for purposes of general purpose education funding by the State. As a Basic Aid District, the District does not receive a general purpose entitlement grant from the State but instead is entitled to keep its share of local property taxes in excess of its State funding entitlement amount under the State's education funding formula known as the Local Control Funding Formula (the "**LCFF**"). A Basic Aid district is also referred to as a "**Community Supported District**." The District expects to continue to have local property tax revenue in excess of its LCFF entitlement grant amount for the near and distant future. The District estimates that its Basic Aid status produces approximately \$37 million in funding in excess over what it would have received under the LCFF entitlement formula. The District does receive from the State special education funding and certain minimum guaranteed amounts of State apportionments. For more information on the District's Basic Aid status, see "-Basic Aid District" below.

Administration

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

**BOARD OF EDUCATION
Mountain View-Los Altos Union High School District**

| <u>Name</u> | <u>Office</u> | <u>Term Expires</u> |
|------------------------|----------------|---------------------|
| Ms. Catherine Vonnegut | President | December 2022 |
| Mrs. Debbie Torok | Vice President | December 2022 |
| Dr. Phil Faillace | Clerk | December 2024 |
| Mr. Sanjay Dave | Member | December 2024 |
| Ms. Fiona Walter | Member | December 2022 |

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board, is responsible for management of the District’s day-to-day operations, and supervises the work of other District administrators. Dr. Nellie Meyer serves as the Superintendent and Michael Mathiesen serves as the Associate Superintendent, Business Services of the District.

Recent Enrollment Trends

The following table shows recent enrollment and average daily attendance history (“ADA”) for the District.

**ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE
Fiscal Years 2012-13 through 2021-22 (Budgeted)
Mountain View-Los Altos Union High School District**

| School Year | Enrollment | Percent Change | ADA | Percent Change |
|--------------------|-------------------|-----------------------|------------|-----------------------|
| 2012-13 | 3,678 | --% | 3,590 | --% |
| 2013-14 | 3,766 | 2.4 | 3,627 | 1.0 |
| 2014-15 | 3,881 | 3.1 | 3,734 | 3.0 |
| 2015-16 | 4,028 | 3.8 | 3,874 | 3.7 |
| 2016-17 | 4,101 | 1.8 | 3,940 | 1.7 |
| 2017-18 | 4,304 | 5.0 | 4,094 | 3.9 |
| 2018-19 | 4,394 | 2.1 | 4,194 | 2.4 |
| 2019-20* | 4,548 | 3.5 | 4,224 | 0.7 |
| 2020-21* | 4,563 | 0.3 | 4,224 | 0.0 |
| 2021-22* | 4,516 | (1.0) | 4,335 | 2.6 |

* The COVID-19 Pandemic commenced in approximately March 2020, at which time schools were required to transition to remote learning. Subsequently, State law permitted schools to be held harmless for losses in ADA for funding purposes, generally until fiscal year 2021-22. Budgeted for fiscal year 2021-22. Because the District is funded as Basic Aid, reductions in ADA do not impact the District’s revenues.

Source: California Department of Education; the District.

District's Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The 2020-21 academic year commenced in distance learning mode but a portion of the academic year was a hybrid of in-person and remote learning. The 2021-22 academic year commenced in person with an independent study option in accordance with legal requirements. The District will adjust its teaching mode as needed to adjust to all orders and mandates, with guidance from the State and local officials, given the dynamic nature of the COVID-19 pandemic.

The District has received and/or been allocated a total combined amount of \$_____ in one-time learning loss/COVID-19 mitigation funding from combined State and federal programs to address expenses arising from the COVID pandemic. These funds will be spent in accordance with applicable guidelines, generally by no later than September 30, 2024.

Because the District is a Basic Aid District, it does not currently anticipate that a decline in revenues at the State level will have a material impact on its finances, operations or programs. Notwithstanding the foregoing, the timing and potential impacts on local assessed values, if any, cannot be predicted at this time. If there is a material decline in assessed valuations, the District's share of local property tax revenues could also decline. The extent of the impact of the COVID-19 pandemic on education funding cannot be fully predicted. See herein under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" for information on the State's current and proposed budgets.

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

The District maintains reserves for economic uncertainties, which is projected in fiscal year 2021-22 to exceed the State's required minimum reserve of 3% of expenditures. See "DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves."

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District. See also information herein under the heading "SECURITY FOR THE BONDS - Disclosure Regarding COVID-19 Pandemic."

Employee Relations

in fiscal year 2021-22, the District has 278.4 certificated, 133.7 classified and 38.4 management full-time equivalent positions. The certificated and classified employees of the District are represented by their respective bargaining units, as set forth in the following table.

BARGAINING UNITS **Mountain View-Los Altos Union High School District**

| Employee Group | Representation | Contract Expiration Date* |
|---|-----------------------|----------------------------------|
| Mountain View-Los Altos District Teachers' Association | Certificated | June 30, 2021 |
| California School Employees Association Chapter No. 527 | Classified | June 30, 2021 |

[* Employees continue to operate under expired contracts during negotiations. -- [Provide update on bargaining unit negotiations](#)
Source: *Mountain View-Los Altos Union High School District*.

Insurance – Joint Powers Agreements

The District is a member, along with other school districts, of the following six joint power agencies (“**JPs**”): South Bay Area Schools Insurance Authority, Santa Clara County Schools Insurance Group, Santa Clara Valley Transportation Agency, Schools Excess Liability Fund, Community Health Awareness Council, and Shoreline Regional Park Community Fund. The relationship between the District and the JPs is such that the JPs are not component units of the District for financial reporting purposes.

For more information regarding the District’s involvement in the JPs, see Note 10 of Appendix B to the Official Statement.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

Full implementation of LCFF occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year. Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2021-22 are set forth in the following table.

**Fiscal Year 2021-22 Base Grant* Under LCFF by Grade Span
(Targeted Base Grant)**

| Entitlement Factors per ADA | K-3 | 4-6 | 7-8 | 9-12 |
|--|------------|------------|------------|-------------|
| 2019-20 Base Grants | \$7,702 | \$7,818 | \$8,050 | \$9,329 |
| Statutory COLA (2.31%) | \$178 | \$181 | \$186 | \$215 |
| 2020-21 Base Grant Per ADA | \$7,880 | \$7,999 | \$8,236 | \$9,544 |
| 2021-22 Funded COLA for LCFF (2.70%) | \$213 | \$216 | \$222 | \$258 |
| 2021-22 Base Grant per ADA before Grade Span Adjustments | \$8,093 | \$8,215 | \$8,458 | \$9,802 |
| Grade Span Adjustment Factors | 10.4% | -- | -- | 2.6% |
| Grade Span Adjustment Amounts | \$842 | -- | -- | \$255 |
| 2021-22 Adjusted Base Grants | \$8,935 | \$8,215 | \$8,458 | \$10,057 |

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

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

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

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

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is as a Basic Aid district, as further described in the following paragraph.

Basic Aid/Community Supported District. The District has been a Basic Aid District for purposes of State general purpose education funding for many years. As a Basic Aid District, the District does not receive a general purpose entitlement grant from the State but instead has been entitled to keep its share of local property taxes in excess of its State funding entitlement amount. With implementation of the LCFF commencing in fiscal year 2013-14, a school district, such as the District, which has property tax revenues that exceed its entitlement under the LCFF continued to be entitled to keep its local property tax revenues which exceed its LCFF funding entitlement, essentially maintaining its status as Basic Aid, sometimes referred to as a "Community Supported District." The District expects to continue to be funded as a Basic Aid district and to have local property tax revenue in excess of its LCFF entitlement amount for the near and distant future. The District estimates that its Basic Aid status provides a funding benefit above what would be provided under LCFF of over \$37 million.

District Accounting Practices

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

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

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

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

prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's Audited Financial Statements for the fiscal year ending June 30, 2021 were prepared by Crowe LLP, Sacramento, California, (the "**Auditor**"). Audited financial statements for the District for the fiscal year ended June 30, 2021 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the Audited Financial Statements for fiscal year 2020-21. The District has not requested, and the Auditor has not provided, any additional review of such financial statements in connection with their inclusion in the Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the General Fund of the District for the fiscal years 2016-17 through 2020-21.

**REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
Fiscal Years 2016-17 through 2020-21 (Audited)
Mountain View-Los Altos Union High School District**

| | Audited 2016-17 | Audited 2017-18 | Audited 2018-19 | Audited 2019-20 | Audited 2020-21 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenues: | | | | | |
| Local Control Funding Formula ⁽¹⁾ : | | | | | |
| State Apportionment | \$3,770,388 | \$3,800,886 | \$3,823,748 | \$3,825,238 | \$3,824,828 |
| Local Sources | 66,664,202 | 72,335,937 | 77,432,234 | 83,273,277 | 91,008,606 |
| Total LCFF | 70,434,590 | 76,136,823 | 81,255,982 | 87,098,515 | 94,833,434 |
| Federal Sources | 1,125,256 | 1,137,257 | 1,363,174 | 1,283,851 | 3,050,330 |
| Other State Sources | 5,005,795 | 6,093,195 | 9,031,274 | 7,285,297 | 9,693,889 |
| Other Local Sources | 5,779,425 | 6,479,828 | 6,900,310 | 6,535,887 | 7,085,111 |
| Total Revenues | 82,345,066 | 89,847,103 | 98,550,740 | 102,203,550 | 114,662,764 |
| Expenditures: | | | | | |
| Certificated Salaries | 35,820,055 | 38,710,331 | 42,519,798 | 42,977,388 | 47,211,669 |
| Classified Salaries | 11,832,847 | 12,699,982 | 13,754,660 | 13,943,759 | 14,826,470 |
| Employee Benefits | 19,063,558 | 21,368,712 | 27,295,681 | 27,215,579 | 27,744,973 |
| Books & Supplies | 2,799,235 | 2,632,852 | 2,844,327 | 2,478,348 | 4,253,117 |
| Contract Services & Operating Expenditures | 7,895,603 | 9,377,464 | 11,170,574 | 11,455,463 | 12,431,853 |
| Other Outgo | 25,085 | 19,912 | 34,155 | 35,000 | -- |
| Capital Outlay | 1,509,286 | 573,212 | 2,571,465 | 1,607,466 | 5,931,921 |
| Debt Service: | | | | | |
| Principal Retirement | -- | -- | -- | -- | 239,166 |
| Interest | -- | -- | -- | -- | 22,936 |
| Total Expenditures | 78,945,669 | 85,382,465 | 100,190,660 | 99,713,003 | 112,662,105 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,399,397 | 4,464,638 | (1,639,920) | 2,490,547 | 2,000,659 |
| Other Financing (Uses) Sources: | | | | | |
| Transfers In | 318,250 | 296,307 | 206,238 | 199,218 | 181,297 |
| Transfers Out | (335,000) | (350,000) | (318,618) | (525,265) | (795,000) |
| Proceeds from leases | -- | -- | -- | -- | 1,310,511 |
| Total Other Financing (Uses) Sources | (16,739) | (53,693) | (112,380) | (326,047) | 696,808 |
| Net Change in Fund Balances | 3,382,658 | 4,410,945 | (1,752,300) | 2,164,500 | 2,697,467 |
| Fund Balances, July 1 | 14,639,276 | 18,021,934 | 22,432,868 | 20,680,568 | 22,845,068 |
| Fund Balances, June 30 | \$18,021,934 | \$22,432,868 | \$20,680,568 | \$22,845,068 | \$25,542,535 |

(1) The District has been a Basic Aid district for many years. As such, its Local Sources reflect local property tax revenues which it is entitled to keep for education funding purposes.

Source: District Audited Financial Statements for fiscal years 2016-17 through 2020-21.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Santa Clara County Superintendent of Schools (the "**County Superintendent**").

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

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

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file 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.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

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

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

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

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 1299 Bryant Ave., Mountain View, California 94040; telephone: (650) 940-4650. The District may impose charges for copying, mailing and handling.

District's General Fund Fiscal Year 2021-22 (Budgeted and Second Interim Projections). The following table shows revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2021-22 (adopted budget and second interim projections).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Year 2021-22 (Budgeted and Second Interim Projections)
Mountain View-Los Altos Union High School District

| <u>Revenues</u> | Budgeted 2021-22 | Second Interim 2021-22 |
|---|-----------------------------|-----------------------------------|
| LCFF ⁽²⁾ | \$99,837,022 | \$99,266,495 |
| Federal Revenues | 2,687,998 | 4,386,574 |
| Other State Revenues | 9,800,067 | 8,787,218 |
| Other Local Revenues | 6,049,341 | 7,290,518 |
| Total Revenues | 118,374,428 | 119,730,805 |
| <u>Expenditures</u> | | |
| Certificated Salaries | 46,715,978 | 47,996,494 |
| Classified Salaries | 15,464,397 | 16,058,016 |
| Employee Benefits | 30,623,140 | 29,770,320 |
| Books & Supplies | 6,487,958 | 6,804,584 |
| Contract Services & Operating Exp. | 15,329,352 | 15,709,682 |
| Capital Outlay | 791,500 | 2,206,000 |
| Other Outgo (Excluding Indirect Costs) | 35,000 | -- |
| Other Outgo – Transfers of Indirect Costs | (203,645) | (206,869) |
| Total Expenditures | 115,243,679 | 118,338,227 |
| Excess of Revenues Over/(Under) Expenditures | 3,130,749 | 1,392,577 |
| <u>Other Financing Sources (Uses)</u> | | |
| Operating Transfers In | -- | -- |
| Operating Transfers Out | (715,547) | (265,595) |
| Contributions | -- | -- |
| Total Other Financing Sources/(Uses) | (715,547) | (265,595) |
| Net Change in Fund Balance | 2,415,202 | 1,126,982 |
| Fund Balance, July 1 | 9,150,995 | 11,763,246 |
| Fund Balance, June 30 | \$11,566,197 | \$12,890,228 |

(1) Totals may not add due to rounding. Budget and estimated actuals exclude from the general fund certain reserves that, in compliance with GASB 54, are included in the Audited General Fund balance shown in the prior table.

(2) Because the District is Basic Aid funded, LCFF line item primarily represents the District's share of local property taxes.
Source: The District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District Board has established a Board Policy which requires an unrestricted reserve of at least 25% of expenditures, which significantly exceeds the State's minimum requirements.

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

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The District cannot predict if or when the reserve cap enacted by SB 751 will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

Attendance - District's Basic Aid Status

As previously described herein, the District is a Basic Aid District and as such, its revenues are not dependent on average daily attendance. As a Basic Aid District, the District estimates that it receives approximately \$37 million over of what it would have been entitled to under the LCFF.

Unduplicated Count. The District's unduplicated pupil count is generally approximately 15%. If the District were funded under the LCFF, supplemental funding would be based on such percentage, and the District would not qualify for concentration grant funding under LCFF.

Possible Impacts of COVID-19. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes – Disclosure Regarding COVID-19 Pandemic."

Revenue Sources

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

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2)

State apportionments of funding. Because the District is a Basic Aid District, the District does not receive a general purpose entitlement grant from the State but does receive from the State certain minimum guaranteed amounts of State apportionments (referred to as "Minimum State Aid and Education Protection Account funding under Proposition 30").

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

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

Other State Revenues. Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

Other Local Revenues; Education Foundation Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

Mountain View-Los Altos High School Foundation. In particular, the District receives education foundation revenues from the Mountain View-Los Altos High School Foundation (the "**Foundation**"), which was established to raise funds from parents and community members to invest in a program-rich environment that students, colleges, employers, and the District's community value. In calendar year 2021-22, the Foundation raised approximately \$2.07 million.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Purchaser.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. Due to the implementation of the Public Employee Pension Reform Act of 2013 ("**PEPRA**") (see below summary), new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. For 2013-14, the required contribution rate for new members is 8.0%. "Classic" plan members are also required to contribute 8.0% of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for recent fiscal years are set forth in the following table. These contributions represent 100% of the required contribution for each year.

STRS Contributions Mountain View-Los Altos Union High School District

| <u>Fiscal Year</u> | <u>Amount</u> |
|------------------------|---------------|
| 2014-15 | \$2,811,870 |
| 2015-16 | 3,666,492 |
| 2016-17 | 7,149,426 |
| 2017-18 | 5,733,893 |
| 2018-19 | 6,993,644 |
| 2019-20 | 7,447,476 |
| 2020-21 | 7,629,028 |
| 2021-22 ⁽¹⁾ | |

(1) Second Interim Projection.
Source: *The District.*

Prior to fiscal year 2014-15, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. School districts were required to contribute by statute 8.25% of eligible salary expenditures and participants contributed 8% of their respective salaries. However, in September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming contribution rates at that time continued and other actuarial assumptions were realized. This shortfall resulted from the combination of investment losses and insufficient statutory contribution rates. To address this problem, in connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"). AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined

Benefit Program before July 1, 2014 (the “**2014 Liability**”) within 32 years by increasing member, K-14 school district and State contributions to STRS. Under AB 1469, K-14 school districts’ contribution rates increased from fiscal year 2014-15 through 2020-21 as shown in the following table, along with a projection for the employer rate for fiscal year 2021-22 through 2023-44.

STRS EMPLOYER CONTRIBUTION RATES
Fiscal Years 2014-15 through 2023-24

| Fiscal Year | Employer Contribution Rate |
|--------------------|---------------------------------------|
| 2014-15 | 8.88% |
| 2015-16 | 10.73 |
| 2016-17 | 12.58 |
| 2017-18 | 14.45 |
| 2018-19 | 16.28 |
| 2019-20 | 17.10 ⁽¹⁾ |
| 2020-21 | 16.15 ⁽²⁾ |
| 2021-22 | 16.92 ⁽³⁾ |
| 2022-23 | 19.10 ⁽³⁾ |
| 2023-24 | 19.10 ⁽³⁾ |

(1) Reduced from 18.13% under AB 1469 to 17.10% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.

(2). Reduced from 19.10% under AB 1469 to 16.15% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.

(3) Projected.

Source: AB 1469; STRS.

The STRS unfunded liability, on a market value of assets basis, was approximately \$105.875 billion as of June 30, 2020.

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

**EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23**

| Fiscal Year | Employer Contribution Rate⁽¹⁾ |
|--------------------|---|
| 2019-20 | 18.13% |
| 2020-21 | 19.10 |
| 2021-22 | 18.60 |
| 2022-23 | 18.10 |

(1) Expressed as a percentage of covered payroll.

(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience. Does not reflect the proposed changes to such rates included in the 2020-21 State Budget. *Source: AB 1469*

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

**PERS Contributions
Mountain View-Los Altos Union High School District**

| Fiscal Year | Amount |
|--------------------|---------------|
| 2014-15 | \$1,088,108 |
| 2015-16 | 1,218,452 |
| 2016-17 | 1,618,114 |
| 2017-18 | 1,935,986 |
| 2018-19 | 2,362,985 |
| 2019-20 | 2,559,860 |
| 2020-21 | 2,799,209 |
| 2021-22 | 3,224,717 |

(1) Second Interim Projection.
Source: The District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$32.7 billion as of June 30, 2020 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater

predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from 7.5% to 7.0% over the subsequent three years according to the following schedule.

**PERS DISCOUNT RATE
Fiscal Years 2018-19 through 2020-21**

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

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, was implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years. The discount rate was automatically lowered in July 2021 from 7.0% to 6.8% due to the investment return for fiscal year 2020-21. On November 15, 2021, the PERS Board voted to keep the discount rate at 6.8%.

The District’s employer contribution rates for the current and next two fiscal years are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2021-22 through 2023-24⁽¹⁾**

| Fiscal Year | Employer Contribution Rate ⁽²⁾ |
|-------------|--|
| 2021-22 | 22.910% |
| 2022-23 | 26.100 |
| 2023-24 | 27.100 |

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

(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget and SB 90 and AB 84.

Source: PERS

California Public Employees’ Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees’ Pension Reform Act of 2013 (“**PEPRA**”), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, except the retirement systems of the University of California, and charter

cities and charter counties whose pension plans are not governed by State law. PEPRAs provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRAs through collective bargaining.

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

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) 50% of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

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

Additional Information. Additional information regarding the District's retirement programs is available in Notes 8 and 9 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.*

Other Post-Employment Benefit Obligation

The Plan Generally. The District's Retiree Employee's Healthcare Plan ("REHP") is a single employer defined benefit healthcare plan administered by the District. REHP provides medical and dental insurance benefits to eligible retirees and their spouses. The contribution requirements of REHP members and the District are established and may be amended by the Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board of Trustees. As of June 30, 2021 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability. Membership of the REHP consists of 10 retirees and beneficiaries receiving benefits and 119 active plan members.

Benefits Provided. In accordance with contracts between the District and the respective employee groups, eligible employees are entitled to receive certain medical, dental, and vision benefits through the REHP. All employees must be eligible participants in the District-provided healthcare plans prior to retirement, in order to qualify for the postretirement benefits provided through the REHP. Eligibility requirements and benefits vary depending on employee group, hire date, and years of service to the District:

Classified Employees: Classified employees and their dependents may receive benefits through REHP for up to 5, 7, or 10 years after retirement, depending on certain years of service and age limitations as described in the negotiated agreement between the California School Employees Association and the District. Classified employees must be eligible to retire under CalPERS to receive benefits through REHP at retirement. All benefits through REHP cease when the classified retiree reaches age 65 or becomes eligible for other available healthcare benefits, whichever comes first.

Certificated Employees: Certificated employees and their dependents who retire from the District having reached age 50 with at least 10 years of consecutive service to the District, and 10 years of cumulative STRS credit are eligible to receive benefits through REHP for up to 5 years, or until the certificated retiree reaches age 65, whichever comes first. As of June 30, 2021 there are currently no active or retiree employees eligible for benefits through the REHP.

Contributions. California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Board of Trustees. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. Contributions to the REHP from the District were \$225,234 for the year ended June 30, 2021. Employees are not required to contribute to the REHP.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of \$4,616,982 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020 using several actuarial assumptions which are subject to change.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2021, as summarized in the District's audited financial statement for fiscal year 2020-21, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY
Mountain View-Los Altos Union High School District
Year Ending June 30, 2021**

| | Total OPEB Liability |
|--|-----------------------------|
| Balance at July 1, 2020 | \$4,616,982 |
| Service Cost | 354,250 |
| Interest | 102,993 |
| Benefit payments | (225,234) |
| Assumption changes | <u>14,483</u> |
| Net changes in Total OPEB Liability | 221,966 |
| Balance at June 30, 2019 | \$4,863,474 |

Source: Mountain View-Los Altos Union High School District.

OPEB Expense. For the year ended June 30, 2021, the District recognized an OPEB expense of \$521,792.

For more information regarding the District's OPEB, see Note 6 of Appendix B to the Official Statement.

Existing Debt Obligations

Outstanding General Obligation Bonds. The District currently has outstanding general obligation and refunding bonds secured by voter-approved *ad valorem* taxes, which are summarized in the following table.

**SUMMARY OF OUTSTANDING
GENERAL OBLIGATION BOND INDEBTEDNESS
Mountain View-Los Altos Union High School District**

| Series | Issue Date | Maturity Date | Original Principal Amount | Amount Outstanding April 1, 2022 |
|--|------------|---------------|---------------------------|----------------------------------|
| General Obligation Bonds, Election of 1995, Series C | 05/08/1997 | 05/01/2022 | \$7,000,000.00 | |
| General Obligation Bonds, Election of 1995, Series D | 09/01/1999 | 08/01/2024 | 16,354,999.30 | |
| General Obligation Bonds, Election of 2010, Series A | 09/09/2010 | 08/01/2030 | 18,999,709.00 | |
| General Obligation Bonds, Election of 2010, Series C | 07/12/2012 | 08/01/2030 | 20,298,347.00 | |
| 2012 General Obligation Refunding Bonds (Taxable) | 10/18/2012 | 05/01/2022 | 19,130,000.00 | |
| General Obligation Bonds, Election of 2018, Series A | 09/13/2018 | 08/01/2036 | 100,000,000.00 | |
| General Obligation Bonds, Election of 2018, Series B | 07/23/2020 | 08/01/2034 | 100,000,000.00 | |
| Totals: | | | \$181,783,055.30 | |

Source: The District.

Refunding Lease Agreement – General Fund Obligation. In October 2014, the District entered into a refunding lease agreement (the "**Lease Agreement**"), sold on a private placement basis. The Lease Agreement was entered into to refund on an advance basis, the

District's outstanding 2003 Refunding Certificates of Participation and 2004 Certificates of Participation. The following is a summary of future lease payments:

2015 REFUNDING LEASE AGREEMENT
Mountain View-Los Altos Union High School District
 Lease Payment Schedule

| Year Ending June 30 | Lease Payments |
|-----------------------------------|-------------------|
| 2022 | \$154,252 |
| 2023 | 150,963 |
| 2024 | 152,599 |
| 2025 | 149,161 |
| 2026 | 150,648 |
| 2027-2031 | 917,183 |
| 2032-2033 | 152,243 |
| | \$1,827,049 |
| Less amount representing Interest | (292,049) |
| Total | \$1,535,000 |

Capitalized Leases. The District has entered into a lease agreement with a third party vendor for a total amount of \$1,310,511. The lease was issued for the purpose of acquiring certain technology hardware upgrades to be installed across various District sites. The lease bears interest at 3.8415% with payments due annually through August 21, 2024. At June 30, 2021, the original cost and accumulated depreciation of capital assets acquired through the capitalized leases totaled \$1,310,511 and \$262,102, respectively. The following is a summary of future capitalized lease payments:

2015 REFUNDING LEASE AGREEMENT
Mountain View-Los Altos Union High School District
 Lease Payment Schedule

| Year Ending June 30 | Lease Payments |
|-----------------------------------|-------------------|
| 2022 | \$262,102 |
| 2023 | 262,102 |
| 2024 | 262,102 |
| 2025 | 262,102 |
| | \$1,169,233 |
| Less amount representing Interest | (97,888) |
| Total | \$1,071,345 |

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G for information regarding the County's investment policy and investment report.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

The following information concerning the State’s budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Purchaser or the Counties is responsible for the information relating to

the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

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

Recent State Budgets

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

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.
- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's

Internet home page at www.lao.ca.gov under the headings “The Budget” and “State Budget Condition.”

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

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

The 2021-22 State Budget

On June 14, 2021 the State Legislature adopted the 2021-22 State Budget Act bill (the “**2021-22 State Budget Act**”), and on June 28, 2021 adopted certain changes and associated trailer bills. On July 12, 2021, the Governor signed the 2021-22 State Budget Act (as enacted, the “**2021-22 State Budget**”), a historic \$262.6 billion spending plan fueled by a \$76 billion state surplus and \$27 billion in aid from the federal government. The following is drawn from the Department of Finance (“**DOF**”) summary of the 2021-22 State Budget.

The 2021-22 State Budget indicates that revenues are up significantly from the forecast included in the Governor’s proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. The 2021-22 State Budget also reports that the State has received approximately \$285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 State Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 State Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 State Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For fiscal year 2020-21, the 2021-22 State Budget projects total general fund revenues and transfers of \$188.8 billion and authorizes expenditures of \$166.1 billion. The State is projected to end the 2020-21 fiscal year with total available reserves of \$39.8 billion, including \$25.1 billion in the traditional general fund reserve, \$12.3 billion in the State’s Budget Stabilization Account (“**BSA**”), \$1.9 billion in the Public School System Stabilization Account (“**PSSSA**”) and \$450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 State Budget projects total general fund revenues and transfers of \$175.3 billion and authorizes expenditures of \$196.4 billion. The State is projected to end the 2021-22 fiscal year with total available reserves of \$25.2 billion, including \$4 billion in the traditional general fund

reserve, \$15.8 billion in the BSA, \$4.5 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The balance in the PSSSA in fiscal year 2021-22 is projected to trigger school district reserve caps beginning in fiscal year 2022-23.

The 2021-22 State Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$93.7 billion. This results in per-pupil funding of \$13,976 from Proposition 98 funding, growing to \$21,555 when accounting for all funding sources. The Proposed 2021-22 State Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at \$79.3 billion and \$93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$47 billion from the level projected by the 2020-21 State budget.

Other significant features relating to K-12 school district funding include the following:

- *Local Control Funding Formula* – The 2021-22 State Budget funds a compounded COLA of 4.05%, representing an adjustment of 2.31% allocable to fiscal year 2020-21 and a fiscal year 2021-22 adjustment of 1.7%. Additionally, to assist local educational agencies address ongoing fiscal pressures, the 2021-22 State Budget also includes \$520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in a 5.07% growth in LCFF funding over 2020-21 levels. In addition, to increase the number of adults providing direct services to students on school campuses, the 2021-22 State Budget includes an ongoing increase to the LCFF Concentration Grant of \$1.1 billion, an increase from 50% to 65%. See “– State Funding of Education – Local Control Funding Formula” herein. Local educational agencies that are recipients of these funds will be required to demonstrate in their LCAPs how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.
- *Deferrals* – The State budget for fiscal year 2020-21 deferred approximately \$1.9 billion in K-12 apportionments in fiscal year 2019-20, growing to more than \$11 billion in fiscal year 2020-21. The 2021-22 State Budget eliminates in its entirety all K-12 deferrals in fiscal year 2021-22.
- *Universal Transitional Kindergarten* – The 2021-22 State Budget includes a series of provisions intended to incrementally establish a universal transitional kindergarten for four-year-old children. Full implementation is expected by fiscal year 2025-26. Local educational agencies will be able to use fiscal year 2021-22 for planning and infrastructure development. The 2021-22 State Budget indicates that the costs to the State general fund of the plan are projected to be approximately \$600 million in fiscal year 2022-23, growing to approximately \$2.7 billion in fiscal year 2025-26. The 2021-22 State Budget includes \$200 million in one-time Proposition 98 funding for planning and implementation grants for all local educational agencies, and \$100 million in one-time Proposition 98 funding to train and increase the number of early childhood educators. To build on and enhance the quality of the existing transitional kindergarten program, the 2021-22 State Budget also proposes new ongoing Proposition 98 funding beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12.

- *Student Supports* – \$3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. In addition, the 2021-22 State Budget provides \$547.5 million in one-time Proposition 98 funding to assist high school students, particularly those that are eligible for free and/or reduced priced meals, English learners or foster youth, to graduate having completed certain classes required for admission to the California State University and University of California systems.
- *County Offices of Education*. In recognition of the disproportionate impact of the COVID-19 pandemic on youth in foster care, the 2021-22 State Budget provides \$30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct services to these students.
- *Expanded Learning Time* – \$1.8 billion of Proposition 98 funding 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. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their number of low-income students, English language learners, and youth in foster care, with local educational agencies with the highest concentrations of these students receiving a higher funding rate. All local educational agencies will be required to offer expanded learning opportunities to the students generating the funding, with the local educational agencies receiving the higher funding rate required to offer expanded learning opportunities to all students. Students will have access to no-cost after school and summer programs, which when combined with regular instructional time, is expected to provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Additionally, these programs will be required to maintain adult-to-student ratios of no less than 1:10 for transitional kindergarten and kindergarten students and 1:20 for students in first through sixth grades.
- *Educator Preparation, Retention and Training* – \$2.9 billion to support a variety of initiatives intended to further expand the State’s educator preparation and training infrastructure, including meeting the needs of early childhood educators.
- *Nutrition* – \$54 million in additional Proposition 98 funding to reimburse all meals served to students, including those who would not normally qualify for reimbursement under the State’s existing meal program. Beginning in fiscal year 2022-23, all public schools will be required to provide two free meals per day to any student who requests one, regardless of income eligibility. Further, all schools eligible for the federal universal meals provision program will be required to apply for it, and the State will cover any remaining unreimbursed costs up to the federal free per-meal rate, at an estimated annual cost of \$650 million in Proposition 98 funding. Additionally, the 2021-22 State Budget provides \$150 million in one-time Proposition 98 funding for school districts to upgrade kitchen infrastructure and equipment, and to provide training to food service employees.

- *Remote Learning* – The 2021-22 State Budget requires that all districts return to full-time in-person instruction for the 2021-22 school year. Consistent with all school years prior to fiscal year 2020-21, this mode of 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. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the 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.
- *Special Education* – \$1.7 billion to invest in and improve instruction and services for students with disabilities to provide, among other things, learning recovery support, an increase in the State-wide base funding rate for special education funding, a 4.05% COLA to State special education funding, and early intervention services for preschool-aged children.
- *Career Technical Education (“CTE”)* – An increase of \$150 million in ongoing Proposition 98 funding to augment opportunities for local educational agencies to participate in the CTE Incentive Grant Program. The 2021-22 State Budget also provides an increase of \$86.4 million in one-time Proposition 98 funding for CTE regional occupational centers or programs operated by joint powers authorities to address costs associated with the COVID-19 pandemic.

For additional information regarding the 2021-22 State Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

The 2022-23 Proposed State Budget

On January 10, 2022, the Governor outlined his proposed budget for fiscal year 2022-23 to the State legislature (the “**2022-23 Proposed State Budget**”). The State has a projected surplus of \$45.7 billion, which includes \$20.6 billion in General Fund for discretionary purposes, \$16.1 billion in additional Proposition 98 for K-14 education, and \$9 billion in reserve deposits and supplemental pension payments. The 2022-23 Proposed State Budget allocates 86% of the discretionary surplus to one-time investments, and is projected to be structurally balanced in 2025-26, the last year in the multi-year forecast.

The 2022-23 Proposed State Budget reflects \$34.6 billion in budgetary reserves. The Rainy Day Fund is now at the constitutional maximum (10% of General Fund revenues) requiring \$2.4 billion to be dedicated for infrastructure investments in 2022-23. The 2022-23 Proposed State Budget accelerates the paydown of State retirement liabilities as required by Proposition 2, with \$3.9 billion in additional payments in 2022-23 and nearly \$8.4 billion projected to be paid over the next three years. In addition, the 2022-23 Proposed State Budget projects the State Appropriations Limit or "Gann Limit" will likely be exceeded in the 2020-21 and 2021-22 fiscal years., and as such any funds above this limit are constitutionally required to be allocated evenly between schools and a tax refund. An updated calculation of this limit, and proposals to address it, will be included in the May Revision.

Highlights of the 2022-23 Proposed State Budget are:

- To address COVID-19, a request for early action to allocate an additional \$1.4 billion for the remainder of the 2021-22 fiscal year, and reflects \$1.3 billion for 2022-23 to continue COVID-19 efforts in the 2022-23 fiscal year.
- To permanently expand the State's ability to protect public health and address social determinants of health, includes \$300 million General Fund for the Department of Public Health and local health jurisdictions and also includes major ongoing investments to modernize public health data systems that have been critical during the COVID-19 pandemic.
- Total funding of \$119 billion for K-12 education, with K-12 per-pupil funding of \$15,261 Proposition 98 General Fund, its highest level ever, and \$20,855 per pupil when accounting for all funding sources.
- \$1 billion Proposition 98 General Fund to universal transitional Kindergarten to all four-year-olds, increasing access to at least 56,000 children and reducing student-to-adult ratios, with full implementation planned by 2025-26.
- \$309 million total funds to focus the State preschool program to better serve dual language learners and students with disabilities.
- \$3.4 billion Proposition 98 General Fund ongoing to support for after-school and summer program, with access to expanded-day, full-year instruction and enrichment for all elementary school students and an additional \$937 million Proposition 98 General Fund to support integrating arts and music into enrichment programs.
- \$500 million in additional tax relief over several years for the small business relief program through state conformity for qualified California recipients of federal relief grants in significantly impacted industries.
- \$150 million one-time General Fund to support small businesses previously waitlisted in prior rounds of the State's Small Business COVID-19 Relief Grant Program.
- \$3 billion General Fund over the next two years to reduce the Unemployment Insurance Trust Fund debt owed to the federal government.
- \$1.7 billion to expand the State's health and human services workforce, including training strategies to increase the State's workforce of nurses, social workers, emergency medical technicians, behavioral health care providers, and community health care workers.
- \$35 million General Fund to create regional workforce development and training hubs focused on climate change and \$30 million General Fund over two years to train, develop, and certify forestry professional.

- \$1.2 billion over two years to continue investments in forest health and fire prevention, including a major new reforestation effort.
- \$750 million General Fund to address immediate drought response needs, including \$250 million set aside as a contingency.
- \$9.1 billion (\$4.9 billion General Fund and \$4.2 billion Proposition 1A bond funds) to support the continued development of a first-in-the-nation, electrified high-speed rail system, regional transit and rail projects, bicycle and pedestrian projects, and climate adaptation projects, with a particular focus on aligning the State's transportation system with its climate goals.
- \$6.1 billion (General Fund, Proposition 98 General Fund, federal funds, and Greenhouse Gas Reduction Fund) over five years, which builds on last year's unprecedented zero-emission package, for a total of \$10 billion to advance California's climate and transportation goals.
- \$2 billion General Fund over two years to provide incentives for long-duration-storage projects, renewable hydrogen, and industrial decarbonization, including in the food processing sector.
- \$1.5 billion over two years to accelerate the development of affordable housing.
- \$30 million to create the Office of Health Care Affordability, charged with increasing the transparency of pricing, developing specific cost targets for different sectors of the health care industry, and imposing financial consequences for entities failing to meet these targets.
- \$2 billion General Fund over two years to continue the State's efforts to address homelessness by investing in behavioral health housing and encampment cleanup grants.
- \$285 million General Fund over three years for grants to bolster local law enforcement response to organized retail theft crime, as well as to assist local prosecutors in holding perpetrators accountable and \$18 million General Fund over three years for the Attorney General to prosecute organized retail theft crimes.
- \$5 million ongoing General Fund for the Attorney General to continue leading anti-crime task forces throughout the State.

The next step in the 2022-23 State budget process is the Governor's May Revise, which updates the Governor's economic and revenue outlook and revises, supplements or withdraws initiatives included in the proposed budget.

Disclaimer Regarding State Budgets

The execution of State budgets, including proposed budgets, may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to

the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2021-22 State Budget or subsequent State Budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Availability of State Budgets

The complete adopted State budgets and related information are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the LAO and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. 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.

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

among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

Article XIII B of the California Constitution

Article XIII B ("**Article XIII B**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“**unitary property**”). Under the State Constitution, such property is assessed by the State Board of Equalization (“**SBE**”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIII C and XIII D of the California Constitution

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

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

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or

granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on

other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund

revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the “**first test**”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as “**Proposition 30**”, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single

filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“**Proposition 19**”), which amends Article XIII A to (i) expand as of

April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Future Initiatives

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

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2021**

APPENDIX C

GENERAL DEMOGRAPHIC INFORMATION ABOUT THE CITY OF MOUNTAIN VIEW, THE CITY OF LOS ALTOS, AND THE COUNTY OF SANTA CLARA COUNTY

*The following information concerning the City of Mountain View (“**Mountain View**”), the City of Los Altos (“**Los Altos**” and together with Mountain View, the “**Cities**”) the County of Santa Clara (the “**County**”), and surrounding areas is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the Cities, County, the State of California (the “**State**”) or any of its political subdivisions, and none of Mountain View, Los Altos, and the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

General

Mountain View. Incorporated November 7, 1902, Mountain View is one of the major cities that makes up Silicon Valley. Many of the largest technology companies including Google, Mozilla Foundation, Symantec, and Intuit are headquartered in the City. The City borders Palo Alto and the San Francisco Bay to the north, Los Altos to the south, and Moffett Federal Airfield and Sunnyvale to the east. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council, which is composed of seven Council Members elected by seat number for staggered four-year terms, with a two-term limit. In January of each year, Council elects one of its members as Mayor and another as Vice Mayor.

Los Altos. Incorporated December 1, 1952, Los Altos is an affluent commuter town located in northern Silicon Valley. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council, which is composed of five Council Members elected by seat number for staggered four-year terms.

The County. Situated northeast of San Francisco, the County of Santa Clara (the “**County**”) is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

Population

The following table lists population figures for the Cities and the County for the last five calendar years.

SANTA CLARA COUNTY Calendar Years 2017 Through 2021

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Campbell | 41,878 | 41,748 | 41,977 | 41,898 | 41,533 |
| Cupertino | 60,181 | 59,784 | 59,436 | 59,244 | 58,656 |
| Gilroy | 55,811 | 56,030 | 56,635 | 56,704 | 56,599 |
| Los Altos | 31,139 | 31,006 | 30,871 | 30,754 | 30,510 |
| Los Altos Hills | 8,371 | 8,422 | 8,438 | 8,418 | 8,390 |
| Los Gatos | 30,775 | 30,643 | 30,501 | 31,087 | 30,836 |
| Milpitas | 74,674 | 74,762 | 75,796 | 77,180 | 75,663 |
| Monte Sereno | 3,502 | 3,535 | 3,633 | 3,622 | 3,604 |
| Morgan Hill | 44,074 | 44,773 | 45,745 | 46,299 | 47,374 |
| Mountain View | 79,966 | 80,104 | 80,986 | 81,302 | 82,814 |
| Palo Alto | 68,679 | 68,482 | 68,272 | 68,145 | 67,657 |
| San Jose | 1,042,838 | 1,045,854 | 1,043,617 | 1,041,466 | 1,029,782 |
| Santa Clara | 123,975 | 126,374 | 125,908 | 127,301 | 130,746 |
| Saratoga | 31,098 | 31,046 | 30,940 | 30,850 | 30,546 |
| Sunnyvale | 151,444 | 152,935 | 154,074 | 154,252 | 153,827 |
| Unincorporated County | 88,603 | 88,081 | 87,904 | 86,644 | 85,634 |
| County Total | 1,937,008 | 1,943,579 | 1,944,733 | 1,945,166 | 1,934,171 |

Source: California Department of Finance for January 1.

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Employment and Industry

The District is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“MSA”), which is comprised of Santa Clara and San Benito Counties. The unemployment rate in the San José-Sunnyvale-Santa Clara MSA was 3.0% in February 2022, down from a revised 3.4% in January 2022, and below the year- ago estimate of 6.0%. This compares with an unadjusted unemployment rate of 4.8% for California 4.1% for the nation during the same period. The unemployment rate was 6.1% in San Benito County, and 2.9% in Santa Clara County.

The table below list employment by industry group for the years 2017 through 2021.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2017 through 2021
(March 2021 Benchmark)

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Civilian Labor Force ⁽¹⁾⁽²⁾ | 1,067,900 | 1,073,500 | 1,082,400 | 1,054,300 | 1,045,600 |
| Employment | 1,032,500 | 1,044,200 | 1,054,100 | 977,500 | 995,700 |
| Unemployment | 35,400 | 29,300 | 28,300 | 76,800 | 49,900 |
| Unemployment Rate | 3.3% | 2.7% | 2.6% | 7.3% | 4.8% |
| <u>Wage and Salary Employment:</u> ⁽³⁾ | | | | | |
| Agriculture | 5,800 | 5,800 | 5,600 | 5,300 | 5,000 |
| Mining and Logging | 200 | 200 | 200 | 200 | 200 |
| Construction | 49,300 | 49,900 | 53,000 | 50,100 | 51,800 |
| Manufacturing | 166,700 | 171,900 | 171,900 | 168,300 | 169,200 |
| Wholesale Trade | 33,500 | 32,200 | 31,400 | 29,200 | 28,300 |
| Retail Trade | 85,800 | 85,700 | 83,100 | 73,100 | 74,500 |
| Transportation, Warehousing, Utilities | 15,400 | 15,800 | 16,100 | 15,800 | 16,500 |
| Information | 85,300 | 92,100 | 100,600 | 105,900 | 106,900 |
| Finance and Insurance | 21,600 | 21,600 | 22,000 | 22,900 | 23,400 |
| Real Estate and Rental and Leasing | 14,500 | 15,200 | 15,900 | 15,100 | 14,800 |
| Professional and Business Services | 236,000 | 236,200 | 243,100 | 237,500 | 244,400 |
| Educational and Health Services | 171,800 | 176,200 | 178,700 | 172,700 | 178,100 |
| Leisure and Hospitality | 103,400 | 105,700 | 107,500 | 73,100 | 79,200 |
| Other Services | 28,900 | 28,900 | 28,900 | 22,100 | 22,300 |
| Federal Government | 10,200 | 9,900 | 10,000 | 10,700 | 10,400 |
| State Government | 6,800 | 7,100 | 6,900 | 7,000 | 6,900 |
| Local Government | 78,600 | 79,700 | 80,400 | 76,300 | 75,900 |
| Total all Industries | 1,113,800 | 1,134,100 | 1,155,400 | 1,085,200 | 1,107,800 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal employers in Mountain View, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2021.

CITY OF MOUNTAIN VIEW Principal Employers

| Employer | Number of Employees | Percent of Total Employment |
|------------------------------|----------------------------|------------------------------------|
| Google LLC | 26,000 | 19.6% |
| Intuit Inc. | 2,553 | 1.9 |
| El Camino Hospital | 2,265 | 1.7 |
| LinkedIn | 1,959 | 1.5 |
| Microsoft Corporation | 1,800 | 1.4 |
| Waymo LLC | 1,732 | 1.3 |
| Pure Storage | 1,157 | 0.9 |
| Synopsys Inc. | 1,101 | 0.7 |
| Palo Alto Medical Foundation | 1,000 | 0.8 |
| Samsung | 822 | 0.6 |

Source: City of Mountain View, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

The following table shows the principal employers in Los Altos, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2021.

CITY OF LOS ALTOS Principal Employers

| Employer | Number of Employees | Percent of Total Employment |
|---|----------------------------|------------------------------------|
| Los Altos School District | 442 | 3.31% |
| Toyota Research Institute | 400 | 3.00 |
| Whole Food Market | 242 | 1.81 |
| Los Altos High School | 210 | 1.57 |
| Los Altos Sub-Acute & Rehab | 196 | 1.47 |
| City of Los Altos | 131 | 0.98 |
| The David and Lucile Packard Foundation | 131 | 0.98 |
| Alain Pinel Realtors | 129 | 0.97 |
| Adobe Animal Hospital | 118 | 0.88 |
| Palo Alto Medical Foundation | 110 | 0.82 |

Source: City of Los Altos, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.

Major Employers

The table below lists the major employers in the County, listed alphabetically.

SANTA CLARA COUNTY Major Employers March 2022

| <u>Employer Name</u> | <u>Location</u> | <u>Industry</u> |
|--------------------------------|-----------------|--|
| Adobe Inc | San Jose | Publishers-Computer Software (mfrs) |
| Advanced Micro Devices Inc | Santa Clara | Semiconductor Devices (mfrs) |
| Alphabet Inc | Mountain View | Internet Search Engines |
| Apple Inc | Cupertino | Computers-Electronic-Manufacturers |
| Applied Materials Inc | Santa Clara | Semiconductor Manufacturing Equip (mfrs) |
| California's Great America | Santa Clara | Amusement & Theme Parks |
| Christopher Ranch LLC | Gilroy | Garlic (mfrs) |
| Cisco Systems Inc | San Jose | Computer Peripherals (mfrs) |
| Ebay Inc | San Jose | Internet & Catalog Shopping |
| Flextronics International | Milpitas | Semiconductor Devices (mfrs) |
| Fujitsu Laboratories of Amer | Sunnyvale | Laboratories-Research & Development |
| Intel Corp | Santa Clara | Semiconductor Devices (mfrs) |
| Intuitive Surgical Inc | Sunnyvale | Physicians & Surgeons Equip & Supls-Mfrs |
| Lockheed Martin Space Systems | Sunnyvale | Satellite Equipment & Systems-Mfrs |
| Lucile Packard Children's Hosp | Palo Alto | Hospitals |
| Lumileds | San Jose | Lighting Fixtures-Supplies & Parts-Mfrs |
| Maxim Integrated Products Inc | San Jose | Printed & Etched Circuits-Mfrs |
| NASA | Mountain View | Federal Government-Space Research/Tech |
| Netapp Inc | San Jose | Computer Storage Devices (mfrs) |
| Nvidia Corp | Santa Clara | Computer Software |
| Prime Materials | San Jose | Semiconductors & Related Devices (mfrs) |
| SAP Center | San Jose | Stadiums Arenas & Athletic Fields |
| Stanford School of Medicine | Stanford | Schools-Medical |
| Super Micro Computer Inc | San Jose | Computers-Electronic-Manufacturers |
| Va Palo Alto Health Care Syst | Palo Alto | Government-Specialty Hosp Ex Psychiatric |

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 2nd Edition.

Commercial Activity

Summaries of the historic taxable sales within Mountain View, Los Altos and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2021 in Mountain View were reported to be \$1,131,076,062, a 16.39% increase over the total taxable sales of \$971,784,015 reported during the first three quarters of calendar year 2020.

CITY OF MOUNTAIN VIEW
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2016 | 1,367 | \$1,139,487 | 2,323 | \$1,620,971 |
| 2017 | 1,407 | 1,118,923 | 2,412 | 1,599,801 |
| 2018 | 1,401 | 1,205,236 | 2,527 | 1,903,351 |
| 2019 | 1,357 | 1,216,138 | 2,506 | 1,952,015 |
| 2020 | 1,384 | 950,571 | 2,566 | 1,366,130 |

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2021 in Los Altos were reported to be \$158,367,560, a 22.40% increase over the total taxable sales of \$129,385,710 reported during the first three quarters of calendar year 2020.

CITY OF LOS ALTOS
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2016 | 799 | \$205,152 | 1,266 | \$228,529 |
| 2017 | 846 | 216,970 | 1,312 | 240,063 |
| 2018 | 829 | 222,861 | 1,357 | 249,695 |
| 2019 | 771 | 212,498 | 1,311 | 238,305 |
| 2020 | 781 | 151,567 | 1,359 | 176,725 |

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2021 in the County were reported to be \$37,757,368,497, representing a 14.56% increase over the total taxable transactions of \$32,957,755,107 that were reported in the County during the first three quarters of calendar year 2020.

COUNTY OF SANTA CLARA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2016 | 30,146 | \$24,158,590 | 50,519 | \$41,831,669 |
| 2017 | 30,263 | 24,862,883 | 50,812 | 42,805,399 |
| 2018 | 30,266 | 26,885,138 | 52,994 | 45,353,074 |
| 2019 | 30,024 | 27,836,133 | 53,312 | 46,887,483 |
| 2020 | 30,969 | 27,211,500 | 55,395 | 46,005,925 |

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in Mountain View, Los Altos and the County.

CITY OF MOUNTAIN VIEW
Building Permit Valuation
For Calendar Years 2016 through 2020
(Dollars in Thousands)⁽¹⁾

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|------------|------------|------------|------------|-----------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$20,823.0 | \$47,457.4 | \$24,140.2 | \$12,832.8 | \$4,438.6 |
| New Multi-family | 63,392.5 | 185,898.7 | 48,919.8 | 57,180.2 | 0.0 |
| Res. Alterations/Additions | 31,447.0 | 28,271.2 | 25,887.0 | 21,467.9 | 1,984.2 |
| Total Residential | 115,662.5 | 233,356.1 | 98,947.0 | 91,480.9 | 6,422.8 |
| New Commercial | 136,983.1 | 216,274.6 | 243,352.4 | 190,501.1 | 50.0 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 2,079.2 | 95,181.8 | 718.0 | 864.6 | 15.0 |
| Com. Alterations/Additions | 180,179.5 | 181,071.3 | 359,511.3 | 431,237.1 | 12,027.3 |
| Total Nonresidential | 319,241.8 | 492,527.7 | 603,581.7 | 622,602.8 | 12,092.3 |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 64 | 156 | 68 | 33 | 14 |
| Multiple Family | 388 | 1,235 | 291 | 327 | 0 |
| TOTAL | 452 | 1,391 | 359 | 360 | 14 |

⁽¹⁾ Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

CITY OF LOS ALTOS
Building Permit Valuation
For Calendar Years 2016 through 2020
(Dollars in Thousands)⁽¹⁾

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Permit Valuation | | | | | |
| New Single-family | \$48,843.7 | \$39,558.7 | \$39,332.8 | \$48,575.3 | \$29,157.4 |
| New Multi-family | 0.0 | 793.0 | 10,748.0 | 0.0 | 0.0 |
| Res. Alterations/Additions | 38,357.7 | 39,920.1 | 32,267.1 | 47,887.0 | 19,100.4 |
| Total Residential | 87,201.4 | 80,271.8 | 82,347.9 | 96,462.3 | 48,257.8 |
| | | | | | |
| New Commercial | 2,359.8 | 516.3 | 4,890.0 | 1,206.4 | 3,512.5 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 3,594.3 | 2,017.4 | 3,364.8 | 3,380.0 | 1,673.6 |
| Com. Alterations/Additions | 5,337.0 | 9,092.8 | 8,589.4 | 22,530.2 | 8,859.9 |
| Total Nonresidential | 11,291.1 | 11,626.5 | 16,844.2 | 27,116.6 | 14,046.0 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 50 | 42 | 45 | 64 | 44 |
| Multiple Family | 0 | 4 | 24 | 0 | 0 |
| TOTAL | 50 | 46 | 69 | 64 | 44 |

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

SANTA CLARA COUNTY
Building Permit Valuation
For Calendar Years 2016 through 2020
(Dollars in Thousands)⁽¹⁾

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Permit Valuation | | | | | |
| New Single-family | \$660,301.6 | \$732,652.1 | \$728,590.6 | \$693,032.6 | \$465,531.8 |
| New Multi-family | 564,761.0 | 1,027,651.8 | 1,098,643.3 | 567,726.7 | 384,856.1 |
| Res. Alterations/Additions | 484,820.1 | 547,991.7 | 588,024.6 | 555,483.1 | 314,179.3 |
| Total Residential | 1,709,882.7 | 2,308,295.7 | 2,415,258.5 | 1,816,242.4 | 1,164,567.2 |
| | | | | | |
| New Commercial | 2,327,643.2 | 1,301,723.2 | 1,962,366.5 | 2,664,298.3 | 1,216,184.5 |
| New Industrial | 44,268.9 | 118,567.1 | 32,080.0 | 41,875.8 | 72,481.3 |
| New Other | 282,966.1 | 152,176.4 | 120,557.4 | 273,529.1 | 145,437.8 |
| Com Alterations/Additions | 2,072,862.8 | 1,786,849.8 | 2,017,142.2 | 2,467,939.0 | 1,382,406.5 |
| Total Nonresidential | 4,727,741.0 | 3,359,316.5 | 4,132,146.1 | 5,447,642.2 | 2,816,510.1 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 1,608 | 2,022 | 2,011 | 1,814 | 1,329 |
| Multiple Family | 3,297 | 6,629 | 6,342 | 3,216 | 2,245 |
| TOTAL | 4,905 | 8,651 | 8,353 | 5,030 | 3,574 |

(1) Totals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

The following table summarizes the total effective buying income for the Cities, the County, the State and the United States for the period 2018 through 2022.

**CITY OF MOUNTAIN VIEW, CITY OF LOS ALTOS,
SANTA CLARA COUNTY, AND THE STATE OF CALIFORNIA
Effective Buying Income
As of January 1, 2018 through 2022**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|-------------|-----------------------|--|---|
| 2018 | City of Mountain View | \$5,016,733 | \$93,247 |
| | City of Los Altos | 2,651,633 | 162,567 |
| | Santa Clara County | 85,859,495 | 88,243 |
| | California | 1,113,648,181 | 59,646 |
| | United States | 8,640,770,229 | 50,735 |
| 2019 | City of Mountain View | \$5,366,509 | \$98,616 |
| | City of Los Altos | 2,778,481 | 182,036 |
| | Santa Clara County | 91,332,099 | 92,773 |
| | California | 1,183,264,399 | 62,637 |
| | United States | 9,017,967,563 | 52,841 |
| 2020 | City of Mountain View | \$5,786,510 | \$109,451 |
| | City of Los Altos | 2,852,581 | 195,466 |
| | Santa Clara County | 97,710,060 | 98,882 |
| | California | 1,243,564,816 | 65,870 |
| | United States | 9,487,165,436 | 55,303 |
| 2021 | City of Mountain View | \$6,028,965 | \$114,742 |
| | City of Los Altos | 2,897,567 | 205,981 |
| | Santa Clara County | 103,006,380 | 103,458 |
| | California | 1,290,894,604 | 67,956 |
| | United States | 9,809,944,764 | 56,790 |
| 2022 | City of Mountain View | \$6,715,404 | \$133,995 |
| | City of Los Altos | 3,097,429 | 255,137 |
| | Santa Clara County | 113,347,038 | 118,652 |
| | California | 1,452,426,153 | 77,058 |
| | United States | 11,208,582,541 | 64,448 |

Source: The Nielsen Company (US), Inc for 2018; Claritas, LLC for 2019 through 2022.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Trustees
Mountain View-Los Altos Union High School District
1299 Bryant Avenue
Mountain View, California 94040

OPINION: \$_____ Mountain View-Los Altos Union High School District
(Santa Clara County, California)
General Obligation Bonds, Election of 2018, Series C

Members of the Board of Trustees:

We have acted as bond counsel to the Mountain View-Los Altos Union High School District (the "District") in connection with the issuance by the District of \$_____ principal amount of Mountain View-Los Altos Union High School District (Santa Clara County, California) General Obligation Bonds, Election of 2018, Series C, dated the date hereof (the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. ___ adopted by the Board of Trustees of the District (the "Board") on April 25, 2022 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing high school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.
4. The Board of Supervisors of Santa Clara County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District which is subject to taxation, unlimited as to rate or amount, for the payment of principal and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds
Election of 2018, Series C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Mountain View-Los Altos Union High School District (the “District”) in connection with the execution and delivery of the captioned bonds (the “Bonds”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on April 25, 2022 (the “Bond Resolution”). U.S. Bank Trust Company, National Association, San Francisco, California, is initially acting as paying agent for the Bonds (the “Paying Agent”).

The District hereby covenants and agrees as follows:

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

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

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

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), the first being March 31, 2023.

“*Dissemination Agent*” means, initially, Dale Scott & Company, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means U.S. Bank Trust Company, National Association, San Francisco, California, or any successor thereto.

“*Participating Underwriter*” means the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2023 with the report for the 2021-22 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

- (i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year or the then-current fiscal year, if available at the time of filing the Annual Report;
- (ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year or the then-current fiscal year, if available at the time of filing the Annual Report;
- (iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in Santa Clara County's Teeter Plan;
- (iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and
- (v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) or (a)(14) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under

this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Dale Scott & Company, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision 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 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

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

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

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

Date: _____, 2022

**MOUNTAIN VIEW-LOS ALTOS UNION
HIGH SCHOOL DISTRICT**

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mountain View-Los Altos Union High School District (the "District")

Name of Bond Issue: \$_____ Mountain View-Los Altos Union High School District (Santa Clara County, California) General Obligation Bonds, Election of 2018, Series C

Date of Issuance: _____, 2022

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of _____, __, 2022. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT

By: _____
Its: _____

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

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

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX G

COUNTY INVESTMENT POLICY AND INVESTMENT REPORT